Charting the Stock Boom (Page 4)

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The Nation's Business

New Owners For The Globe

Quebec Shows Its Real Deficit

The Textile Probe Cites Some "Profits"

But They Are Not Profits At All

New Stewards For a Public Trust

LAST week Life, the humorous weekly, was bought by the publishers of Time. When they get through with it there will be nothing left but the name and the Life Fresh Air Fund.

Last week The Toronto Globe was bought by new owners. How much will remain of the Globe when they get through is something that cannot be forecast. We hope and trust it will still be the old Globe, restored to its former vigor, scoured of its recent shabbiness. Already the paper is running a page of racing tips; it carries cigarette advertising, which the former owners refused. These things are not evidence of any change in the essential character of the Globe but they are evidence that the new owners have bought the paper with none of the stipulations regarding its future policies that the former owner, Mr. Jaffray, insisted upon making whenever he was approached by other possible purchasers.

* * *

THE Globe has been a great newspaper; perhaps the most consistently well-edited and influential daily in Canada.

Whoever owns a newspaper like the Globe is in possession of a public trust. There are no laws to tell the new owners how they must run their journal in the interests of society and the community. They need be guided by nothing but their own interpretation of the paper's traditions and the public's privileges.

May that interpretation be one worthy of the Globe.

* * *

Quebec's Budget And Public Honesty

THE statement of Hon. Martin Fisher, provincial treasurer of Quebec, that the deficit of the province for the year ended June 30, 1936, was $18.8 millions instead of $1.9 millions, as shown by the former government, would indicate that there is some ground for Stephen Leacock's statement that one of the things that is wrong with this country is public dishonesty in facing facts.

Manipulation of the public accounts, through charging certain items to capital account which should properly be included in revenue account, is to be deplored. It must be admitted that this has been rather common practice by both federal and provincial governments in Canada but this in no way excuses the habit. In bringing down the federal budget in May of this year, Hon. C. A. Dunning, minister of finance, set an excellent example for government treasurers by showing the real deficit of the Dominion Government for the first time in years.

* * *

IF THE management of an industrial corporation were to misrepresent its position through the juggling of accounts as do governments, the responsible officials would be haled into court and faced with prosecution for fraud. The same condition should apply to guardians of "the public purse" who are guilty of similar practices.

While Hon. Mr. Fisher is to be commended for his straightforward statement of the deficit for the year ended June 30, 1936, there can only be criticism of his action in presenting the budget forecast of his predecessor in office for the year ending June 30, 1937, while refusing to assume responsibility for same. He has had ample time to go over the estimates with permanent officials of the provincial treasury. If, by such an investigation, he were to find the estimates not to be in keeping with the facts of the situation, then he should have brought in a revised budget.

* * *

What Is a Profit? Probers Are Unfair

IN THE investigation into the textile industry by the Turgeon Commission, Canada is witnessing a repetition of the unfair methods employed by Hon. H. H. Stevens and Norman Sommerville, chairman and counsel respectively of the Price Spreads Commission. Evidence is being presented in such a way as to paint as black a picture of so-called "big business" as possible.

Presentation of evidence by J. C. McRuer, counsel for the Turgeon Commission, is prejudiced to say the least, and in many cases misleading. Unfortunately some newspapers are assisting Mr. McRuer in presenting a biased case.

* * *

A RECENT example of this was the evidence taken by the commission in connection with the finances of Penman's Ltd. In discussing

(Continued on page 2, col. 3)

Bell 'Phone Sets Record In September

Installations Largest in Any Similar Month Since 1880

REVENUES HIGHER

From Our Own Correspondent

MONTREAL.—Net gain in telephone installations on the Bell Telephone Co. of Canada's system during September, it is officially stated, was the largest for that month in any year in its 56 years of operation.

Up to the middle of last June the company experienced a moderate but steady gain of telephones in service. The movement has accelerated since then, with the result that to the end of August the net gain in installations was 6,200 over the first of the year.

At that time the number of business telephones on the Bell system was down only 2.6% from the peak of June, 1931, while residence telephones were down in number 17% from the peak of December, 1930.

Complete returns are not available for September, but expectations are that the analysis will show an improvement in both business and residence telephones as compared with their peak months.

Toll Revenue Greater

Along with the gain in telephone installations has been a marked improvement in the volume and dollar revenue from long distance toll traffic. To the end of July revenue from long distance messages was up some $400,000 over the same period of 1935. This gain will be further augmented by inclusion of the August and September returns.

The peak of long distance toll revenue was reached in 1930, when the company reported toll revenue at nearly $10.4 millions. There was a steady decline until in 1933 revenue from this source totalled only $7.4 millions. The following year there was a distinct improvement, revenue jumping to $8.1 millions.

Last year was a disappointment in toll and exchange revenue, being about midway between 1933 and 1934. Provided there is no setback, long distance income this year should be the largest for any year since 1931. To date the returns have been the best for the past 4 years.

Cover 1936 Dividend

The gain in traffic to the end of September will not be altogether reflected in net earnings, as higher maintenance expenses and taxes have absorbed a fair proportion of the increased income.

Despite this offsetting factor, prospects at the moment are that net income for 1936 will be more than sufficient to cover the current dividend of $6 a share on the capital stock. Last year net available for dividends was equivalent to $5.74 a share.

The current report also should reveal a further strengthening of working capital position. The $12.2 millions loan from America Telegraph and Telephone was paid off last year without the necessity of additional financing. This step had its effect on net working capital, which dropped as low as $13,270 in 1934. Last year it sprang back to nearly $2.4 millions.

No Change in Debt

For a while there was talk of the company being able to reduce its debt charges by redemption of the outstanding 5% bonds. If the company were only to take advantage of present low interest rates, it would be able to effect substantial economies. This is not possible, however, owing to obligations imposed by the trust deed securing the different issues.

In the case of the $30 millions of series A bonds, the company cannot start to call them until 1940. The $30 millions series B bonds cannot be redeemed prior to 1947, while the $7.5 millions of series C bonds are not callable prior to 1950.

Take Care of Needs

Meanwhile capital requirements of the system have been small and what money has been needed has come from the sale of notes to the pension fund or of stock to employees. At present there is issued $80 millions of stock, a gain of about $3 millions in the last 4 years. The increase in issued notes over the same period is around $2.2 millions.

The improvement in the Bell Telephone Co.'s position since the low point was reached in 1933 has been reflected in the market value of the stock. From a low of 80 it has steadily advanced, on investment demand, to the current level of 152. The latter represents a gain of 12 points from the low reported this year.

Porto Rico Power To Redeem Bonds

From Our Own Correspondent

MONTREAL.—Porto Rico Power Co., formerly the Porto Rico Railways Co. and now controlled by International Power Co., will redeem in cash all of its outstanding 5% first mortgage bonds when they mature November 1. So far as is known at this time there is no intention of carrying out any public financing to provide funds for the redemption of the issue.

Pay from Government Has Maynard 'On Spot'

He's Given Extra $10 Daily While Member

DENIES RESIGNATION

From Our Own Correspondent

EDMONTON.—Payments to Hon. Lucien Maynard, minister without portfolio in the Aberhart Government, in the capacity of adviser to the government on Social Credit and scrip problems, have been revealed in an order-in-council that has come to light.

This order-in-council constituted him a "committee of one" in charge of "self-retiring bonds" and provided him with $10 a day and expenses.

Hear of Resignation

Rumors persist Maynard has resigned; whether because of this payment or internal cabinet strife is unknown. To a direct question he denied he has resigned.

Mr. Maynard was sworn in as minister without portfolio May 12 last, and by virtue of his cabinet position is entitled to a stipend based on attendance at cabinet meetings. This sum, fixed by order-in-council, is given as $10 per meeting. As a member of the legislature, Mr. Maynard is also in receipt of $1,800 sessional indemnity, plus expenses.

Since joining the cabinet, Mr. Maynard has occupied an office in the parliament buildings, from which he directed details of Alberta's experiment with Prosperity Certificate scrip. Prior to a special session of the legislature late in August, he participated in drafting legislation dealing with reduction of debts and interest rates. Since then

HON. LUCIEN MAYNARD

he has continued to occupy the office, presumably engaged with details of the Social Credit plan. Thus Mr. Maynard is filling the rôle vacated by Major C. H. Douglas, whose advice cost the province $6,449, in fees and expenses.

Will Act Be Invoked

In the absence of an official explanation of Mr. Maynard's position, speculation centres on the application to his case of clauses in the Legislative Assembly Act prohibiting member from receiving emolument from the Crown other than the statutory indemnity or cabinet salary.

Maynard, when questioned, admitted being paid and denied anything irregular.

Highlights

Better Business

Canada's trade expands since signing of Empire trade agreements. An analysis of the trend. Page 13

The Globe Spins Again

Who is C. George McCullagh, new president, and dynamic force behind the revival of famous Canadian newspaper? Page 20

Muddling in Health

Canada's policy of drift affects national health standards and creates another urgent problem. Charlotte Whitton sees a showdown near. Page 24

Modernization Loans

Big potential construction and equipment market may be opened by new home modernization loans which commence immediately. Page 11. But bankers are cautious. Page 14

Copper Stocks

Demand for metal for rearmament stirs new speculative activity in shares of junior copper producing mines. Page 22

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Foreign Exchange . . . 2

Distillers Corp. Offers Preferred

Common Stock Purchase Warrants Attached to Preferred

Offering of $15 millions of 5% cumulative preferred stock, with common stock purchase warrants, of Distillers Corp.-Seagrams Ltd., is being made by an underwriting group headed by Brown, Harriman & Co. Inc., New York. Issuance of the new stock was recently approved by shareholders. The stock is being offered at $97 a share to yield 5.15%.

Net proceeds of the issue are to be used to retire bank loans incurred largely in the laying down of stocks of whisky for ageing purposes and for warehouses and plant additions. Bank loans at July 31, 1936, amounted to $13 millions and have since increased to $17 millions.

The company has no funded debt. Each certificate of preferred stock will have attached a common stock purchase warrant for an equal number of common shares, exercisable at the following prices: $28 to April 30, 1938; $30 to Oct. 31, 1939; $32 to Oct. 31, 1941. The preferred shares will be redeemable at 105 and a sinking fund is to commence in 1940.

Port Royal Pulp Gets Big Contract

From Our Own Correspondent

SAINT JOHN.—Port Royal Pulp & Paper Co., of Saint John, under a contract with the Brown Corp. of Portland, Me., will supply between 25,000 and 30,000 tons of sulphite pulp for rayon manufacture in 1936 to C. Itohi & Co., of Osaka, Japan. Arrangements have been completed to transport the pulp by the Osaka Shosen Kaisha Line, which is to commence a schedule of monthly sailings from Saint John. The first shipment will leave in January.

An expansion in the Port Royal plant was necessitated by the order, and is now under way, while the city of Saint John is building a new dam on Menzies Lake to furnish the plant with an additional 3,000,000 gallons of water a day.

Cons. Paper Making Plan On Interest

Will Likely Propose Payment in Stock Till Finances Improve

HAS MADE PROGRESS

From Our Own Correspondent

MONTREAL. — Interest on Consolidated Paper Corp's 5½% first mortgage bonds became a fixed charge July 2 last and though the first semi-annual payment is due [illegible] next, the company will likely seek further concessions from bondholders.

It is understood a plan will be put forward calling for interest payments in stock rather than cash over the 2 years ended July, 1938, stock being valued on a basis of $11 a share. In other words, for each $1,000 bond, the holder would be given 5 shares of stock in lieu of the $55 annual cash interest payment ordinarily due. At present this stock, without considering the dilution in equity, would have a market value of around $45 for the 5 shares.

For the succeeding 2 years it is proposed to pay interest in stock on the same basis or cash provided that such payments can be made out of income without lowering working capital beyond a certain limit. After that interest becomes a fixed, cumulative cash charge against earnings whether or not earned.

Passed Sinking Fund

Some such step as this has been anticipated since the company failed to meet sinking fund payments. Under terms of the trust deed Consolidated Paper was to start a sinking fund of 1% of the aggregate principal amount of bonds outstanding on March 1, 1936. The initial payment of $631,248 was not made. Under section 80 of the trust deed, however, non-payment of any sinking fund installment does not give rise to any right of action, its only consequence being that the company may not pay dividends on its shares until such payments have been made.

Considerable progress has been made by Consolidated Paper since reorganization of the predecessor companies.

Reduction in Liabilities

Despite the unsatisfactory price of newsprint paper and the limited volume of business, the management have been able, since July, 1931, to reduce bank loans from $21.7 millions to just over $11 millions.

The Montreal Trust loan has been reduced by $209,796.

Capital liabilities have been cut by $3.5 millions and bonds of subsidiary companies reduced by $692,460.

The total reduction of these liabilities is nearly $15.2 millions.

At the beginning of 1932, when Consolidated Paper started operations, the total liabilities, other than mortgage bonds, exceeded current assets by about $10.1 millions. This

(Continued on page 2, col. 3)

Week's Figures Reveal Increases

Leading business indices show advances in nearly every department this week.

Thus The Financial Post index of business for September moved into new territory and now stands 8% above corresponding figure for 1935.

Complete details will be found on page 7, while summary figures for important items of the week's news follow:

	September	—Change— From prev. period %	From prev. year %
Monthly:			
Bldg. permits	$3,644,560	—0.8	+9
Newsprint prod., ton	269,782	—0.1	+20
Newsprint exp., ton	278,368	+8	+33
Total imports	52,879,429	+5	+18
Total exports	89,582,396	—4	+13
Plank & bd. exp., m. ft.	160,586	—4	+43
Life insur. sales	26,966,000	+7	+1
Weekly:			
Car loadings, No.	60,219	—0.08	+2
Cattle sales, No.	22,199	—20	—10
Hog sales, No.	22,921	—10	+44

"GERRY" GOES TO LONDON TOWN

Mayor "Gerry" McGeer of Vancouver, who has been visiting Great Britain, attempting to secure a lower rate of interest for the coast city, takes time out for one of the many social events held during his visit. Above is shown the Lord Mayor of London in procession to the ballroom, followed by the Mayor and Mrs. McGeer. Below he is shown in conversation with the Mayor of [illegible]. The London Times, [illegible] a Mansion House dinner, lets it be known that it is "Gerald" McGeer, not "Gerry," as he is known in Canada.

Shawinigan's Revenue Rises in Third Quarter

Surplus Advances 33% Over Last Year's Returns

From Our Own Correspondent

MONTREAL.—Shawinigan Water & Power Co.'s gross and net income for the 3 months ended September 30 last shows a substantial gain over the corresponding period of last year.

Gross income for the period was nearly $3.6 millions, a gain of better than $400,000 over the 1935 returns. While there was a moderate increase in some of the prior charges, surplus before depreciation and income tax at better than $1 million was $240,000 above that reported in the third quarter of 1935, after including $39,681 amortization of bond discount and premium.

Particulars of the revenue account for the third quarter follow:

3 Months Ended September 30

	1936 $	1935 $
Gross revenue	3,576,980	3,156,691
Less: Gen. expenses	765,518	679,603
Power purchased	449,337	391,475
Water rentals	106,334	98,176
Taxes & insurance	198,899	203,060
Reserve for exch.	25,000	25,000
Net revenue	2,021,892	1,759,377
Fixed charges	*1,011,153	998,551
Surplus before deprec. and income tax	1,010,739	760,826

*Including $39,681 amortization of bond discount and premium.

Higher Returns to Date

Cumulative returns for the first 9 months of 1936 show a gross revenue of $10¼ millions, as against $9.4 millions in the same period of 1935. The surplus before depreciation and income tax, as shown in the following table, was $339,000 more than last year. Actually the gain was closer to $500,000 as $101,845 was set aside for amortization of bond discount and premium.

9 Months Ended September 30

	1936 $	1935 $
Gross revenue	10,225,469	9,433,406
Less expenses:		
Gen., oper. & maint.	2,217,533	2,004,725
Power purchased	1,326,307	1,179,771
Water rentals	310,036	292,069
Taxes & insurance	606,509	542,350
Res. for exchange	75,000	75,000
Net oper. revenue	5,690,084	5,339,491
Fixed charges	*3,031,714	3,020,206
Surplus before deprec. and income tax	2,658,370	2,319,285

*Including $101,845.58 amortization of bond discount and premium.

Conciliation

Ottawa Creates Board to Rule on Railway Wages

From Our Own Correspondent

MONTREAL.—Ottawa has taken steps to set up a board of conciliation which will investigate the 10% wage reduction dispute involving approximately 100,000 railway workers. W. Sanford Evans, of Winnipeg, has been appointed on recommendation of the Canadian railroads and Fred Bancroft, Oakville, Ont., on that of the employees. A third member will be appointed on recommendation of Mr. Evans and Mr. Bancroft. Failing agreement, the Minister of Labor will make the appointment himself.

The difference arose when employees of both the Canadian National and Canadian Pacific Railways asked for discontinuance of the 10% deduction from basic rates of pay which had been effective for some time. The request was refused and employees thereupon applied to the Minister of Labor for appointment of a conciliation board.

Crow's Nest Pass Coal Increases Distribution

With its dividend of $2 a share payable November 2, Crow's Nest Pass Coal Co. common will have paid $7 a share in 1936 as compared with $6 in 1935 and $4 in 1934. All dividends represent a partial return of capital, being distributed from depreciation and depletion reserve. In this way the company has reduced since 1930 the par value of $6.2 millions of common stock to $5.3 millions at the end of 1930.

Working capital has grown stronger in recent years despite this policy of capital return. Depreciation reserve in 1935 amounted to $2.4 millions.

Taxes Point to Business High

The most important business story of 1936, as far as officials of the Department of National Revenue at Ottawa are concerned, is the amazing buoyancy of business in Canada as disclosed by business tax figures.

For the first 6 months of the present fiscal year, Ottawa has increased its revenue from excise sales and other business taxes by no less than 26.6%. And the increase has been accelerating in the past few months.

To illustrate the importance of this gain, the jump in sales tax can be taken as a typical case in point.

Estimates Left Behind

When Hon. C. A. Dunning brought down his May-day budget last spring, he increased the sales tax one-third, from 6 to 8%. Such a drastic increase, coupled with some important new exemptions (such as consumable materials) was expected to considerably curtail revenue from this source with the result that Mr. Dunning's 1937 estimate placed the total return from the sales tax for the year 1936-37 at $80 millions, compared with $77 millions collected in 1935-36. This called for a gain of 4% during the year.

Now come 6-month figures revealing the actual increase in tax returns for the period has been no less than 34%. In short, over $49 millions has already been collected from this one source between April and September. This means that business has not only absorbed the heavier impost but has pushed sales considerably in excess of the volume needed to reach the previous year's level.

Other Lines Gain

Equally striking gains are made in other lines as shown in the accompanying detailed statement of excise taxes prepared for The Financial Post by the Department of National Revenue. Of the total of $67 millions collected, $51.3 millions has been collected from domestic taxes and $15.7 from importations. The domestic tax gain is 28% and the import gain 25% over the same period last year.

All Taxes Higher

Tying these gains to the larger picture of government revenues, it is seen that with only 6 months of the fiscal year elapsed, the government has already collected in taxes over $209 millions as compared with estimated receipts from these sources for the entire year of $300 millions. Thus two-thirds of the estimated goal has been attained during the first half of the year.

Excise Collections Show Big Increase

Collection of excise taxes from April 1 to Sept 30 is as follows:

	1936 $	1935 $	Change %
Licenses	19,817	17,305	+14.52
Stamps	2,464,759	2,059,769	+19.66
Sales	49,292,935	36,780,497	+34.01
Automobiles	247,626	193,670	+27.85
Tires & tubes	591,338	543,819	+ 8.74
Matches	585,167	619,659	— 5.57
Cards	94,571	93,463	+ 1.19
Cigars	45,818	47,339	— 3.21
Lighters	50,769	29,115	+74.37
Malt prod.	25	282	—91.13
Wines	72,817	78,788	— 7.58
Beer	......	205	—....
Sugar	4,479,980	4,345,041	+ 3.11
Toilet prep.	407,301	394,406	+ 3.27
Toilet soap	92,825	78,565	+18.15
End. cheques.	122,388	105,524	+15.98
Berths & par. cars	200,070	195,812	+ 2.17
Telegrams	202,967	194,108	+ 4.56
Telephones	309,220	280,290	+10.32
Interest	48,202	42,776	+12.68
Cig. papers and tubes	620,212	568,552	+ 9.10
Special 3%	7,121,069	6,315,109	+12.76
Total	67,069,975	52,984,094	+25.59

Ottawa Talks Of Enlarging Aviation Arm

It May Be the Keynote of Dominion's Defense Policy

PLANS SOUNDED OUT

From Our Own Correspondent

OTTAWA.—A programme of expansion in civil and military aviation, not wholly unconnected with the state of affairs in Europe and Asia and the failure of the League of Nations, will probably be unfolded in the course of the next few months.

It cannot be said that the Canadian Government has formulated a definite policy. But things are shaping in that direction. Meantime the temper of the Canadian people is being sounded out on the subject.

Members of the government are pretty well in accord on the desirability of strengthening Canada's aerial defenses, and a broad hint has already been thrown out by Hon. Ian Mackenzie, defense minister, that such is contemplated.

King Promises Boats?

Cables from London suggesting that a flotilla of destroyers on both coasts is planned either indicate that commitments are being made overseas by Premier Mackenzie King without previous consultation with his colleagues, or else are pointing out possible rather than actual developments. It is safe to say that a programme of increased naval armament will not be approved by the cabinet without considerable opposition.

What is more likely in the early future, judging from Ottawa reaction, is a programme of encouragement for civil aviation in Canada, and the training of a corps of young volunteer fliers who, in an emergency, would be available to man Canada's flying machines, which meantime would be increased considerably.

Unless the world situation grows still more menacing, [illegible] particularly threatens [illegible] Canada's new defense pro[illegible].

Should the situation grow sufficiently acute that ordinary considerations of government policy will have to be forgotten, the expenditure of many millions on defense in the early future may have to be faced.

Budget Balancing First

But lacking such a crisis, all defense talk must be read in the light of the government's determination to balance the budget at the earliest possible date without resort to new taxation.

Government circles believe that the Canadian people would get behind a big programme of expansion for Canada's civil aviation, the understanding being that it would largely stand on its own feet, but would also provide the nucleus for a much bigger aerial defense body should an emergency arise.

This may be tied up with one of the plans of the Youth Employment Committee, which has worked out in minute detail a programme for the employment of several hundred picked young volunteers in the field of aviation. The suggestion is that the government should finance a training programme which would turn out a body of highly trained aviators and aircraftsmen.

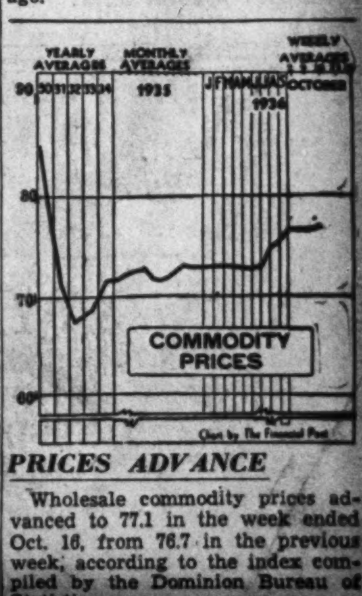
As compared with other leading countries in the world, Canada's expenditures on defense have been very modest in recent years. The official statement of Hon. Ian Mackenzie, which discriminated between defense programmes carried out as a relief measure, and those purely for actual defense, gave the following figures:

Appropriations in the latter category were $20,093,000 in 1935, and $24,957,000 in 1936.

Laura Secord Changes Name of Subsidiary

The name of Candyteria Ltd., wholly-owned subsidiary of Laura Secord Candy Shops Ltd., is being changed to Mary Louise Candies Ltd. A new Mary Louise Candies shop is being opened in Montreal, bringing the total up to 12.

Laura Secord Candy Shops is also opening several new shops, including one in Sudbury. This will bring the total number of Laura Secord shops to 79, compared with 75 a year ago.



PRICES ADVANCE

Wholesale commodity prices advanced to 77.1 in the week ended Oct. 16, from 76.7 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.

MEN'S SHOP
BAY STREET SECTION
EATON'S - COLLEGE STREET

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Tamblyn's New Stock To Be Listed Soon

Application is being made to the Toronto Stock Exchange for listing of 6,000 shares of 5% cumulative redeemable preference shares and 112,000 common shares of G. Tamblyn Ltd. This new stock issued in connection with recent financing.

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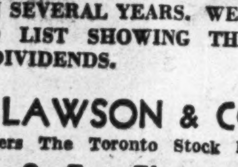
MINES AND INDUSTRIALS



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The Nation's Business

(Continued from page 1)

the affairs of the company, Mr. McRuer told the commission that from an original investment of $500,000, Penmans Ltd. made a "trading profit" of $17,634,947 in the 30-year period from 1906 to 1935. Almost immediately this statement was written into newspaper headlines right across the Dominion. Mr. McRuer probably could have made it more sensational by going back to 1870 when the Penman Manufacturing Company was started in Paris, Ont., with practically no cash capital at all.

To the uninformed man on the street this looks like an enormous profit, and rightly so. But actually the profit of the company did not amount to anything like $17 millions, which was, according to Mr. McRuer, "trading profit." Trading profit is a rather elusive term and might mean almost anything. Certainly, however, as used by Mr. McRuer, it does not represent a company's profits.

* * *

IN CALCULATING the so-called "trading profit," Mr. McRuer did not take into account bond interest of $2.8 millions, bond discount of $177,630, war taxes of $1.4 million and depreciation of $1.6 million. Yet all of these are items of cost to any concern and therefore deductions to be made before profit can be calculated.

Statements that a trading profit of $17 millions was made from an original investment of $500,000 are entirely too misleading and should be avoided. No allowance is made for profits plowed back into the company. Even the man who owns a corner store employs this method of expanding his business and expects the plowed-back earnings to yield a return.

By the same standard, a lawyer who starts business with a week's office rent in his cash box and eventually works up to $5,000 or $10,000 a year over his lifetime could be said to have earned $250,000 or a million dollars or so on a $5 investment.

* * *

FURTHERMORE it should be kept in mind that the period from 1906 to 1935, except for brief interruptions, was a period of rapid expansion and appreciation of capital values. Almost anyone who invested money in a sound enterprise in 1906 obtained large returns over this 30-year period. Furthermore the replacement cost of the company's plant is much greater than it was in 1929. Newspaper reports of the proceedings at Paris, Ont., would indicate that there was no attempt to discuss the company's finances in the light of these factors.

Companies under investigation are entitled to an impartial presentation of facts. Evidence with regard to finances should be presented in a true light and in accordance with sound accounting procedure. If terms such as "trading profit" must be used then let the commission make it clear that this does not represent the real profit of the company.

Municipal Finances

Nelson, B.C., receipts for the first 8 months of 1936 totalled $414,989 and expenditures, $380,955.

* * *

Stratford, Ont., total tax collections to the end of September were $531,973, compared with $522,736 for the same period last year. Collections for the 1934 period were $468,431. Collections of current taxes for 1936 total $414,105 and of arrears $117,867.

* * *

Waterloo, Ont., reports an increase of $17,753 in its 1936 assessment, the total taxable assessment for the year being $5,909,670. The total taxable assessment is made up as follows: Real property, $4,888,485; and business, $1,021,185.

* * *

Brantford, Ont., reports an increase of $285,665 in total taxable assessment for 1936. Buildings in the city are assessed at $15,819,575, an increase of $109,700; land at $7,876,375, an increase of $47,250; business at $3,052,233, an increase of $116,950; and income at $169,950, an increase of $12,620.

* * *

Ottawa, Ont., expenditures for relief in 1936 will exceed budget estimates. The amount of $629,888 provided in the budget was exhausted to within $8,000 at the end of August, and it is estimated that from $250,000 to $275,000 will be required for the remainder of the year.

* * *

Moose Jaw, Sask., tax collections, current and arrears, were $35,000 higher in the first 9 months of 1936 than in the corresponding period of 1935. Percentage of current taxes collected in the 9-month period was 40.4% compared with 38.4% last year. Collections of arrears increased from 15.1% in 1935 to 16.5% in 1936. Bank loans have been reduced by $71,345.

Quebec Deficit $18.8 Millions Budget Shows

Former Government Juggled Figures, Says New Treasurer

TALKS ECONOMY

Deficit of the Quebec Government for the year ended June 30, 1936, was $18.8 millions instead of $1.9 million as published in the Quebec Gazette in September last, Hon. Martin Fisher, provincial treasurer, revealed in bringing down the 1936-37 budget before the Quebec legislature.

Through charging to capital account certain items which should have been treated as ordinary expenditures, the former government presented a misleading and untrue picture of the province's finances, Mr. Fisher charged. Items which were capitalized but should have been included in ordinary expenditures are as follows: unemployment relief, $8.8 millions; deficit on public charities, $2 millions; cost of promoting colonization, $5.1 millions; grants to municipalities under the Good Roads Act, $1 million.

Total floating indebtedness of the province at the time the present administration took office was $52.6 millions, Mr. Fisher stated.

Funded Debt Increased

The net funded debt as published by the treasury department was $130.6 millions at June 30, 1936. Actually, this figure should have been $159.5 millions, according to the new treasurer. Items not included in the former figure are promises to pay $15.8 millions from the public charities fund, and also the balances of $12.9 millions to be provided for by deferred payments on loan to the Banque Canadienne Nationale.

To the figure as at June 30 must now be added the new loan of $51 millions, less the $10 millions loan maturing Nov. 1, 1936, which have been included in previous figures, bringing the total outstanding bonds to $200.5 millions.

Deficit Forecast

In forecasting the results for the year ending June 30, 1937, Mr. Fisher presented the estimates prepared by the former government, but refused to accept responsibility for same. Considering that a quarter of the present fiscal year has been administered on the basis of these estimates, and also considering that voting of these credits is most urgent and necessary, Mr. Fisher stated his government had no alternative but to continue them. Revenue for the year is estimated at $36,082,142 and expenditures at $37,073,488, leaving an estimated deficit for the year ending June 30, 1937, of $991,345.

Balanced Budget Aim

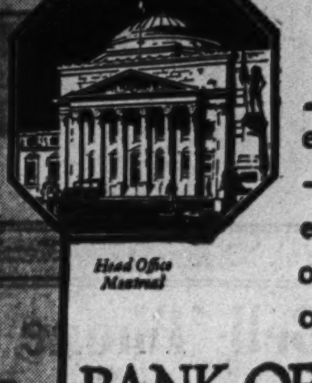
Setting balanced budget as the aim of his government, Mr. Fisher concluded the budget speech as follows:

"We intend to reconstruct, and rebuild better the financial structure of the province. It will take time to rearrange our financial problems, but we have confidence that with our great natural resources, the thrift, integrity and perseverance of our people and the determination of this government to practise common-sense methods of living within our income, thereby we will restore this province to a happy position of contentment and prosperity."

Joins United Amusement Board

From Our Own Correspondent

MONTREAL.—Henry N. Chauvin, Montreal lawyer, has been elected a director of United Amusement Corp.



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Distillers Head Talks Dividend

May Consider Declaration Next February—Options 30,000 Shares

From Our Own Correspondent

MONTREAL. — Resumption of dividends on the common stock of Distillers Corp.-Seagrams Ltd. will be considered possibly at the beginning of next February when the payment of dividends commences on the new preferred stock, according to a statement made by Samuel Bronfman, president, at the annual meeting of shareholders.

The shareholders were told the programme of plant construction and the laying down of adequate stocks of maturing whiskies is now nearing completion and it is hoped the continued progress of business during the intervening period, will make it possible for the directors to consider the distribution of earnings in the form of dividends on the common stock.

Three new directors were added to the board at the annual meeting. The new members include Harvey D. Gibson, president of the Manufacturers Trust Co., Thomas H. MacInnerney, president of the National Dairy Products Co., and General F. R. Schwengel, who has acted as sales manager of the Seagram Co. in the United States since the early stages of its American operation.

Option on Common

Options on 30,000 shares have been given by Distillers Corp.-Seagrams Ltd. to officers of American subsidiaries and are exercisable at $22 a share in Canadian currency.

In addition the company has reserved 20,000 shares of its common stock for which options may be given hereafter in the discretion of the board to directors, officers, employees and agents of the company and its subsidiaries at $22 a share, Canadian currency, or more on or before July 31, 1945.

Consider Adjustment For Manitoba Debts

Adjustment of the heavy burden of farm debts in Manitoba along the lines of the agreement reached recently in Saskatchewan is under consideration, The Financial Post is informed. Preliminary discussions between the mortgage companies and the government have already taken place, it is understood.

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Admiral Cadillac Makes Offering

Admiral Cadillac Gold Mines, through Standard Securities of Toronto, is currently offering 250,000 shares of stock at 25 cents per share to finance a development programme on its property in Cadillac Twp., Quebec.

The property, comprising some 561 acres, is equipped with necessary facilities, including drills. A crew of 25 men has been doing surface work and preliminary drilling.

Colin A. Campbell has reported on the properties and has stated that location, adjacent to Thompson Cadillac Mine and 2 claims away from O'Brien Cadillac, are favorable.

Cons. Paper Making Plan On Interest

(Continued from page 1)

has been reduced to $4.3 millions, an improvement of $5.8 millions.

Despite this very favorable showing, largely the outcome of economies put in force by the present management, the company is still confronted with heavy liabilities and relatively small earnings.

Still Many Problems

At the end of last March bank loans totalled over $11 millions; Montreal Trust loan $336,722; and other current liabilities about $2¼ millions. Against this the company had current assets of $10 millions, of which $5 millions represented inventories and $3.4 millions accounts and bills receivable.

When the present 5½% bonds were issued it was provided in the trust deed that for the first 5 years interest would be payable only out of income and non-cumulative. As there are outstanding $51,406,900 of these bonds (not including $11.7 millions hypothecated with the banks against loans) annual interest charges amount to $2,827,380.

Made Noteworthy Progress

The progress which the company has made toward meeting this charge has been noteworthy, but net income is still insufficient to warrant payment of interest in cash in view of the heavy obligations to the banks.

The trend of net operating results, before depreciation, depletion and bond interest, has been as follows:

	$
15 months ended Mar. 31, 1933	*98,087
Year ended Mar. 31, 1934	*235,141
Year ended Mar. 31, 1935	1,044,320
Year ended Mar. 31, 1936	2,269,442

*Loss.

A further obstacle to the resumption of cash interest payments next January is the fact that interest is payable in Canadian and American funds, as well as English sterling. The premium on exchange would not be overly large, still the company cannot afford to take on any additional burdens no matter how small.

Better Earning Power

Operations during the current year have been better than a year ago. Further the price received for newsprint, on the average has been higher. On the basis of the 1936 fiscal year returns, income of Consolidated Paper for the 12 months ended next March might be sufficient to cover interest charges before making provision for depreciation and depletion.

However the newsprint industry still is confronted with problems, both price and tonnage, and the growing opinion is that the company will conserve liquid resources until such time as the industry is on a sounder footing.

Such a plan as mentioned, paying interest in stock instead of cash, would enable the company to continue its policy of reducing liabilities and building up working capital.

Bondholders of Steamship Fully Protected from Loss

Bondholders of Interlake Transportation Co. Ltd., owners of the sand steamship Sand Merchant which sank in Lake Erie on Oct. 17, are fully protected from loss, The Financial Post is informed. Total insurance carried on the boat was $300,000, of which $200,000 was on the hull. The amount of the bond mortgage is approximately $134,000.

The Sand Merchant was operated by National Sand and Material Co., subsidiary of Standard Paving and Materials Ltd., under a 10-year lease agreement, with option to purchase boat at a price sufficient to retire all bonds. Interest on the bonds was guaranteed by National Sand & Material Co., but was defaulted on March 1, 1934. No action had been taken by bondholders as current operations were showing a profit.

Niagara Wire Profits Gain

Elimination of Preferred Leaves Capital at 110,000 Shares

Based on results for the 6 months ended Sept. 30, Niagara Wire Weaving Co., Niagara Falls, is expected to show substantial improvement in earnings for the year which runs to March 31, 1937.

Call of all outstanding preferred shares for redemption at $60 each last Oct. 1 resulted in conversion by holders of almost the entire issue into common shares, 2 common for one preferred. The redemption was underwritten, in case preferred shareholders failed to convert their stock into common, but the underwriters, Greenshields & Co. and McLeod, Young, Weir & Co., were required to take up only a few shares.

Capital and Earnings

As a result of the preferred redemption, the company's outstanding capital now consists of 110,000 common shares out of a total authorized amount of 124,000. Formerly there were only 40,000 common shares but prior to the elimination of the preferred, the common shares were divided into 80,000.

On the basis of the present capitalization, earnings for the year ended March 31, 1936, were $1.76 a share. Dividends are now being paid at $1.60 a share annually.

Comparative earnings on the present capital, as drafted in connection with the recent underwriting of the old preferred stock, have been:

Years Ended March 31

Year	Profit $	Per Share $
1936	193,872	1.76
1935	177,907	1.62
1934	126,191	1.15
1933	49,590	.45
1932	109,185	1.00

Sells Paper Firms

The company's business has responded promptly to increasing production of newsprint in Canada.

Shares of the company were originally offered publicly in April, 1929, at a price of $310 for a unit of 5 preferred and 3 common shares. At the current price of about $36 a share for the present common, the value of such a unit has grown to approximately $576.

Quebec Power Income Gains

Returns for Third Quarter Show Continuance of Favorable Trend

From Our Own Correspondent

MONTREAL.—Quebec Power Co., controlled by Shawinigan Water & Power Co., recorded a further advance in both gross and net income figures for the third quarter of 1936 compared with the same period a year ago.

3 Months ended September 30

	1936 $	1935 $
Gross revenue	1,019,667	951,378
Less: Oper. expenses	553,757	548,708
Exch. on interest	822	2,866
Fixed charges	152,132	152,132
Surplus before deprec. and income tax	312,955	247,676

Cumulative returns for the 9 months ended September 30, 1936, disclose a gross income of better than $2.8 millions, or about $144,000 more than last year. After operating and administrative charges, bond interest and exchange on bond interest, there was a surplus of $792,205. This compares with $640,862 for last year.

Regent Knitting Mills Plan Meets Approval

From Our Own Correspondent

MONTREAL. — Shareholders of Regent Knitting Mills have approved the proposal for writing down the common stock capitalization.

Disappearance of the deficit and reduction in future allocations to depreciation are expected to increase profits available for shareholders.

Foreign Exchange

A further decline in sterling quotations was the feature of foreign exchange quotations last week. Dropping 1½ cents in the week, the pound now is within 2 cents of its pre-depression dollar parity. In sympathy with this movement, other countries whose currencies are tied to sterling also showed considerable weakness.

Activity of stabilization funds of the major powers is indicated in the relatively narrow limits of fluctuation. Quotations for the French franc, while somewhat lower, nevertheless show marked stability, as is also the case in regard to Switzerland. Holland is not quite as fortunate, the guilder varying rather widely from day to day.

Reports from France indicate that the influx of gold since the currency agreement has been even greater than expected, and has enabled the French exchange fund to accumulate substantial balances in sterling and dollars. The discount rate of the Bank of France was cut still further on October 15 to 2%.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 19
U. S. dollar, High	.99 11/16	.99 11/16	.99 11/16	.99 11/16	.99 11/16	.99 11/16
Low	.99 11/16	.99 11/16	.99 11/16	.99 11/16	.99 11/16	.99 11/16
1935 High	1.01 11/16	1.01 5/16	1.01½	1.01 11/16	1.01⅛	1.01⅜
Low	1.01 1/16	1.01½	1.01¼	1.01 11/16	1.01 1/16	1.01 1/16
U. K. pound	4.90	4.89½	4.89⅜	4.89	4.89	4.88½
Argentina	.2785	.2785	.2790	.2790	.2787	.2785
Australia	3.9127	3.9082	3.9082	3.9067	3.9042	3.9022
Austria	.1887½	.1887½	.1887½	.1887½	.1887½	.1884½
Belgium	.1682½	.1683	.1683	.1682½	.1682½	.1681½
Brazil	.0594½	.0590¼	.0590	.0594	.0595	.0589
Czechoslovakia	.0354¼	.0354	.0354	.0354	.0354	.0354
Denmark	.2188	.2185	.2187	.2184	.2183	.2182
France	.0466½	.0466	.0465⅝	.0465⅞	.0466	.0465¼
Germany	.4022	.4022	.4026	.4025	.4024	.4022
Greece	.0090¼	.0090¼	.0090	.0090	.0090	.0090
Holland	.5327½	.5346	.5370	.5388	.5386	.5356
Hungary	.1979½	.1979	.1979½	.1979½	.1979½	.1979½
India	.3734	.3729	.3729	.3729	.3727	.3724
Italy	.0526¼	.0526½	.0526	.0526	.0526¼	.0526¼
Japan	.2869	.2867	.2864	.2864	.2862	.2859
Jugoslavia	.0229½	.0232½	.0233	.0235	.0235	.0233
New Zealand	3.9442	3.9397	3.9397	3.9381	3.9358	3.9336
Norway	.2462	.2459	.2462	.2459	.2457	.2456
South Africa	4.8731	4.8705	4.8705	4.8637	4.8655	4.8631
Sweden	.2527	.2524	.2524	.2523	.2522	.2520
Switzerland	.2300	.2298	.2299	.2299	.2298	.2297
Hong Kong	.3059	.3054	.3037	.3047	.3047	.3040

Fanny Farmer Sales Up 15%

Acceleration of Rate of Increase Evident in September

Increased sales of Fanny Farmer Candy Shops Inc. continue at an accelerated rate, sales for September amounting to $423,865, an increase of 16.6% over the corresponding month of last year.

Sales for the first 9 months of 1936 total $3,662,257, a gain of 15.4% over the same period of 1935, although sales last year were the highest in the company's history.

Obituary

George H. Lees, former mayor of Hamilton, Ont., and president of George H. Lees and Co., manufacturing jewellers, and Downswell, Lees and Co., at his home in Hamilton.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	4.30	4.60
Can. Invest. Fund, ex-div.	4.55	4.85
Grouped Income	6.60	7.20
Can. Equity	13.25	...
All Can. Com., ex-div.	13.50	14.50
Trans. Canada	14.10	...
Can. Int. Trust modified	5.00	5.50
Do., unmodified	5.50	6.00

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$5.75	$5.75	$6.25
Hogs	8.75	8.90	10.10
Copper, lb.	.09¾	.09¾	.09¼
Cotton, lb.	.1242	.1221	.1120
Rubber, lb.	.1647	.1650	.1293
Sugar, raw, lb.	.0335	.0335	.0360
Silk, lb.	1.78	1.75	2.17
Wheat (Man.) bus.	1.12¼	1.12⅜	.89¾
Coffee, lb.	.08	.08	.06¾
Hides	.11¾	.11¾	.12

Weekly Indices

	Latest week	Previous week	Same week last yr.
N. Y. Annalist	127.4	127.5	120.8
Fishers'	83.8	83.8	85.5
N. Y. Journal of Comm.	81.6	82.1	82.1
Crumps (Brit.)	72.5	71.7	68.1
U. S. Labor	81.3	81.0	80.5
Canada (D.B.S.)	76.7	76.7	73.2

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Aug.)	81.9	81.0	79.6
W'sale (Aug.)	76.4	76.2	72.4
U. S. Labor (Aug.)	81.6	80.5	80.5
Gt. Brit. (July)	82.0	81.1	77.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1926 = 100 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price. Toronto: Copper-electrolytic, New York: Silk—Japanese, 13-15, New York: Sugar — 96 degrees centrifugal c/f New York: Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; Hides—No. 1 packer light native cows, New York; Hogs — select bacons, Toronto.

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Alberta Bondholders' Report 1.

Decline of Wealth Values in Alberta Less Than Elsewhere in Dominion

Economic Origins of Fiscal Problems of Province Reviewed

BORROW PROSPERITY

Alberta cut the interest on its bonds June 1 of this year, but Courtland Elliott and J. A. Walker, after making an investigation into the finances of the province, recently reported that Alberta is economically and fiscally able to pay its bond interest in full.

How was this conclusion reached?

The Financial Post has already presented an analytical synopsis of the report. Investment interest in the report has been widespread, but reports are not available to the general public. In order that investors may have all available information and also an intelligent understanding of the fiscal problem of the province in relation to the economic and social conditions affecting them, The Financial Post is presenting herewith the first of a series of articles based on the Elliott-Walker report.

In the main, the articles will be merely a condensation of various parts of the report.

Everywhere the forces of depression have exacted their toll in losses of wealth values, in reduction of income, in growth of social dependency, in financial disturbance and in deterioration of morale. Alberta has shared in this common catastrophe but it has not been singled out for misfortune.

Nevertheless the province has felt with real severity the recent adversities. Partly because of the predominance of agriculture with all its vagaries in physical output and monetary returns as the source of wealth and income, partly because of a necessity or willingness to incur public and private indebtedness to acquire the amenities of modern life or to speed development, the Prairie Provinces unconsciously were leaving themselves open to attack from the forces of acute depression.

Possibly it is not an exaggeration to say that economic history in Canada—as in many other countries—is a record of growing vulnerability and that it required only the strains and stresses of recent years to reveal the weaknesses in our complex economic structure. If this is the situation for Canada as a whole, it is particularly true of the western provinces, where, despite a magnificent heritage of natural resources, the absence of liquid wealth and diversified activity on the one hand and the urge and ambition on the other to achieve a rapid progress necessitated economic and financial support from other areas.

If Canada has borrowed a part of her progress and prosperity in past years, it is evident that the West has been particularly active in this respect in order to achieve economic maturity somewhat comparable to the East, and to balance and equalize the West with the earlier start of the East toward complete economic development.

The economic activity of Alberta is predominantly agriculture, particularly wheat-growing, which has supplanted ranching. In addition, coal mining and oil drilling are carried on and a modest amount of lumbering is done.

Sources of production and gross values of products over a period of years are shown in an accompanying table.

Influence of Age Compositions

Thirty-five years ago there lived in Alberta only 73,022 persons. Today the population of the province is estimated at approximately 800,000. By utilization of their own efforts and more particularly in the earlier years by the application of borrowed capital, the developed assets of the province have grown; land has been brought under cultivation and markets for the products found, towns have sprung up rapidly on the prairie, public buildings have been erected, transportation, communication and public service utilities have been organized.

The composition of the population has had important influences upon the financial development. A larger proportion of the prairie population is between the ages 30 and 50 than is the case in Canada as a whole.

Excess of Single Males

There is no doubt that the excess of persons at the early middle ages has had an important bearing upon the psychology of the Prairie Provinces, especially during the first 2 decades of the century. Not only did an excess occur at these ages but it was an excess of single adult males at the ages of highest rates of earning, coupled with the absence of family responsibilities, who would look upon expenditures and projects involving expenditures, also upon permanency of settlement very differently than would the family man. The few families who settled at the same time were treated very generously in such matters as educational facilities, but they were treated thus generously at the expenses of the future rather than the present. The children who were thus educated, are now bearing a heavy burden for their own education.

Another point of importance is that after this first period of single male settlement, these males married or brought in their families. The result was a sudden huge birth rate and a rapid change from slight family or dependency obligations to very heavy responsibility. The prairies have passed very rapidly through these changes. It is not difficult to imagine a change in psychology—extreme optimism to pessimism.

Borrowing for Nation Building

The West has been, and to a large extent still is, a young man's country. Within a period of 30 years there was compressed an era of nation building. Unfortunately it is not possible to present statistically the results of western optimism and confidence which expressed itself in heavy expenditures for capital assets, in part at least from the proceeds of borrowed funds.

It is not to be doubted, however, that such expenditures and such borrowings were large. Between 1901 and 1931, the number of farms in Alberta increased from 9,479 comprising 2,735,630 acres to 97,408 farms totalling 38,977,457 acres. In the same period the average area per farm increased from 288.6 acres to 400.1 acres and the average improved acreage per farm from 50.1 acres to 182.2 acres. Whatever the stimuli that induced the expenditures involved in these changes, it cannot be doubted that bank borrowing, mortgage loans, etc., would show that a considerable part of the expenditures was based on borrowed funds and as a corollary that much of the borrowing was repaid from the proceeds of production.

Statistical data are relatively incomplete to show the relationship between public and private debt creation on the one hand, and wealth creation on the other. In 1929 the estimated wealth of Alberta was $2,427 millions or 7.76% of the total estimated wealth of Canada. The aggregate of public and private indebtedness is unknown although it might be roughly estimated at over $350 millions. Of this amount $96 millions can be attributed to the province as direct provincial funded debt and $78 millions to the municipalities.

In 1929 the aggregate provincial and municipal indebtedness in Canada was reported at $2,012 millions so that Alberta's public debt of $175 millions was 8.7% of the total. In brief, Alberta's public debt in 1929 could hardly be regarded, in a statistical sense, as excessive, since the provincial share of 8.7% of the total debt was in line with possession of 7.76% of the total Canadian wealth.

Preponderance of Agriculture

As mentioned previously, agriculture dominates the economic life of Alberta in spite of the presence of other resources. The consequence is that by 1929 investment in that industry had proceeded to a point where land, buildings, machinery, livestock and agricultural supplies on hand amounted to $1,098 millions or 45.2% of the total estimated wealth of the province, compared with a corresponding percentage of 25.3% for the Dominion as a whole. In Manitoba the corresponding percentage was 34.8% and in Saskatchewan 55.4%.

In the past non-agricultural production was an important factor in introducing and maintaining stability in western economic conditions, although it was not sufficiently important to offset the amazing large changes from year to year in the returns from agriculture. In a general economic sense it is also probably true that outside borrowing in times of adversity tended to stabilize the Alberta economy and overcome the temporary deficiency in agricultural returns.

Advent of the Depression

There were 3 characteristics of the depression that were quite evident in the years of adversity:

(a) The decline in net income

(b) The fall in capital values.

(c) The rise in social dependency.

These features of the depression were not confined to the prairies; they pervaded the whole Dominion. The West bore special burdens only to the extent that depression reached the prairies earlier than elsewhere and that volume, value and prices of agricultural products were more acutely affected by climatic hazards and restricted markets.

Tangible wealth was not affected by the deflationary forces in the way that a catastrophe such as an earthquake or a flood can bring destruction. The wealth of Canada, and of the prairies, remained largely intact. The change was in its valuation, a part of which was pledged directly or indirectly as collateral against debt. But the economic catastrophe brought not only this change in wealth values; it brought also a reduction in earning opportunities and therefore in the amount of earned income, and it gave rise to a serious problem of social dependency as potential wage earners and farmers, having exhausted their personal resources, became charges of the state.

The Decline in Wealth Values

Official estimates of national wealth in Canada and Alberta indicate that Alberta's assets declined slightly less than the experience throughout the Dominion as a whole. The wealth of the Dominion as a whole declined from $31,275 millions in 1929 to $25,768 in 1933, a decrease of 17.06%. The wealth of Alberta, on the other hand, declined from $2,427 millions to $2,035 millions, a drop of 16.16%.

At the depth of the depression in 1933 Alberta had 7.90% of the tangible wealth of Canada, whereas in 1929 at the height of prosperity its share was 7.76%.

Moreover, while the aggregate statistics show that Alberta was bearing a little less than her share of the loss in tangible wealth values, close examination discloses that its loss was even less in the dominant field of agriculture. Falling values of land, buildings, implements, machinery and livestock contracted the estimate of these forms of wealth in the whole of Canada by $1,547 millions or 24,53% between 1929 and 1933, but in Alberta the decrease in values was only $123 millions or 14.11%. The total agricultural wealth in Canada, which includes agricultural stocks on hand, fell 29.9% whereas in Alberta the decline was 20.5%.

Only Common Experience

Because of the decline in wealth values and increased borrowing, the public debt for Canada as a whole amounted to 10.13% of wealth in 1933 as compared with 6.43% in 1929. In Alberta the fall in wealth values was slightly less than for the Dominion as a whole and the debt increase was also considerably more moderate with the result that the increase in the percentage of Alberta public debt to provincial wealth between 1929 and 1933 was only from 7.2% to 9.9%.

The deduction from these figures is that, as far as wealth values and public debt are concerned, Alberta has faced nothing more than a common experience, and her agricultural community in the aggregate has preserved a larger share of predepression values than was the experience in the Dominion as a whole. Certainly there is nothing in the official statistics of Canadian wealth that would provide justification for transfer of any part of Alberta's share of common burdens to other parts of the Dominion or to the creditors of the province.

The second of these articles will deal with the source, amount and decline of income of the people of Alberta, which has a very important bearing on the economic capacity of the province to pay its bond interest in full.

Joint Authors of Report Well Qualified for Task

J. A. WALKER

J. C. ELLIOTT

The joint authors of the exhaustive report on Alberta's affairs to the Alberta bondholders' committee are J. C. Elliott and J. A. Walker and the document is conveniently described as the Elliott-Walker report.

Both are graduates of Queen's University, Kingston, both are natives of Ontario and residents of Toronto, and both are intimately acquainted with Canadian affairs with emphasis on western Canada.

Queen's, Queen's, Queen's

It is largely coincidence that Messrs. Elliott and Walker are both Queen's graduates. J. M. Macdonnell, chairman of the Alberta bondholders' committee and general manager of National Trust Co., Toronto, is also a Queen's alumnus and chairman of the board of trustees. A Queen's graduate also is Premier William Aberhart, B.A., whose energetic sponsorship of the scheme to cut interest on Alberta bonds gave rise to the report.

Messrs. Elliott, Walker and Macdonnell, however, have spent many years studying political economy and finance, whereas Mr. Aberhart is more of a freshman in this field.

The experience and training of both the joint authors of the report give authenticity to the document.

J. A. Walker Statistician

J. A. Walker, familiarly known as "Andy," is statistician for the Dominion Securities Corp., colloquially abbreviated into "D.S.," Toronto. His fortes are painstaking statistical accuracy and thorough knowledge of government finance.

Mr. Walker was born in the Peel County village of Inglewood, Ont., in 1902, which makes him 34. His family moved to Barrie where he went through public school and collegiate. After training at North Bay Normal school, he taught school in northern Ontario for several years.

Being a Normal school graduate, Mr. Walker required only 2 years to pass through Queen's, 1923-25, specializing in history and economics under such renowned teachers as Dr. O. D. Skelton, W. A. Mackintosh and Duncan McArthur.

Other Qualifications

"Putting himself through" Mr. Walker worked one summer in a silver mine, another on a Great Lakes freighter, and one in the office of a railway construction unit, not a bad background against which to picture the problems of Alberta citizens.

One of Mr. Walker's unusual qualifications for reporting on Alberta's affairs is that he has been closely acquainted with financial problems of western provinces in his investment work. Moreover, in 1931, when Saskatchewan was facing grave financial problems, he worked with Mr. Elliott on a private study of that province's affairs. The intensive Saskatchewan study, and close reading of sundry other investigations of provincial affairs, are among the most important qualifications of Mr. Walker for his work on the Alberta report.

Possessor of a keen sense of humor, and fond of a nicely-turned witticism, Mr. Walker finds his geniality somewhat strained by the Alberta situation. His third son was born in Toronto while "Andy" was in Edmonton on behalf of bondholders.

Elliott Economist

J. Courtland Elliott is known to his friends as "Court." He is economist for A. E. Ames & Co. While Mr. Walker assembled and wrote much of the material for the statistical chapters of the Alberta report, Mr. Elliott was largely responsible for drafting the economic basis and writing chapters commenting on Alberta's economy.

Mr. Elliott is a native Kingstonian, born there in 1899, so he is now 37. His father, J. C. Elliott, was 46 years with the Kingston Whig, retiring as president and managing editor in 1926. Thus rooted in Kingston, Courtland Elliott got his primary education in Kingston schools and graduated from Queen's University in 1919. He specialized in economics under Dr. Skelton, and also reported for the Whig and wrote articles for Toronto newspapers.

Mr. Elliott lectured at the University of Saskatchewan in 1919-21 and in 1921-22 studied political economy in the faculty of law at the Sorbonne, world-famous Paris university. Then he returned to Queen's and got his M.A. in economics in 1923.

Investment and Research

Thus it was with an extensive academic background that Mr. Elliott joined A. E. Ames & Co. in 1923, learning the rudiments of the investment business. In 1925 he left to study on a Geo. Eastman scholarship at the Brookings Institution for Government and Economic Research at Washington. The next year he joined the division of research and statistics of the Federal Reserve Board at Washington. His particular work for the Federal Reserve was to study the Canada-U.S. exchange rate and to endeavor to determine the factors resulting in gold movements to and from Canada. The result was an intimate knowledge of influences on international trade with particular emphasis on Canada.

University of Saskatchewan had Mr. Elliott again for the early months of 1927 when he was temporarily professor of economics. Later in 1927 he rejoined A. E. Ames & Co. and settled down in Toronto.

Diverse Knowledge

In his investment work, Mr. Elliott has had the advantage over many academic economists of having to reconcile theory with practice. Part of his work is regular study of provincial finances. His personal knowledge of the west, of trade problems, and of business and government affairs are the peculiarly valuable qualifications for his share in the report on Alberta's affairs.

Noted for concise and logical statements of intricate economic problems, Mr. Elliott finds he has to deliver several public addresses each year. He lives in Forest Hill Village, which is almost surrounded by Toronto, and has 2 children.

Combination of Reporters

Combining diverse personal experience, statistical and economic training, and knowledge of western government affairs, the Elliott-Walker combination obviously lends authenticity to the Alberta report. Moreover, the material for the document was drawn wherever possible from official quarters. To cap it all with reliable authority, the technical adviser in the work on the report was James C. Thompson, C.A., who was Alberta provincial auditor for 11 years. It was only this year that Mr. Thompson left the government to join the Montreal office of the accounting firm of Clarkson, Gordon, Dilworth, Guilfoyle & Nash.

The personnel leaves no doubt that the report on Alberta means what it says and says what it means.

Gross Values of Production in Alberta

Information with regard to the value of production in Alberta and sources of income are essential for an understanding of its economic and fiscal position and problems. Given below are the sources of production and the gross values of the products of the province from 1920 to 1934 inclusive. The supreme importance of agriculture is quite evident from the figures given and, while other outlets for productive effort have been cultivated, it has been in agricultural pursuits that the growing population of Alberta has found its livelihood. The table below was compiled for the Elliott-Walker report to the Alberta bondholders' committee from the Annual Surveys of Production issued by the Dominion Bureau of Statistics.

Year	Total $000's	Agriculture $000's	Manufactures $000's	Mining $000's	Custom and Repair $000's	Construction $000's	Electric Power $000's	Forestry $000's	Trapping $000's	Fisheries $000's
1934† ..	256,722	155,708	69,389	20,229	6,877	7,451	4,567	3,777	1,133	245
1933†* .	206,997	126,853	54,643	19,703	5,414	2,826	4,466	3,268	791	145
1932 ...	214,177	126,442	55,294	21,183	6,379	5,948	5,528	3,574	626	154
1931 ...	255,520	142,277	68,367	23,581	7,756	14,335	5,571	5,738	951	154
1930 ...	330,272	169,885	94,315	30,620	10,700	25,081	5,540	8,287	999	421
1929 ...	409,642	228,594	107,557	34,740	10,820	29,160	5,119	9,097	2,303	732
1928 ...	439,513	282,849	100,744	32,531	8,498	17,910	4,556	7,041	1,537	725
1927 ...	472,751	334,978	84,987	29,309	7,642	17,910	3,982	6,336	2,179	712
1926 ...	379,282	255,165	83,426	26,977	7,060	10,058	3,819	4,789	2,179	749
1925 ...	356,166	250,005	75,114	25,319	6,341	3,868	3,534	3,821	2,006	459
1924 ...	298,590	203,783	65,245	22,345	5,892	6,600	3,306	3,685	1,965	339
1923 ...	301,105	206,852	54,338	31,288	5,892	7,066	3,067	3,671	1,871	439
1922 ...	221,929	130,379	50,019	27,872	5,892	8,904	3,101	3,217	1,371	331
1921 ...	223,649	124,968	57,230	30,562	6,030	5,821	3,090	3,338	1,081	410
1920 ...	376,421	249,587	87,070	33,586	6,296	4,447	2,654	3,970	1,550	529

*After elimination of duplication.

†In conformance with a resolution adopted by the conference of British Commonwealth Statisticians of 1935, the cost of fuel and purchased electricity was deducted from the gross value of manufactured goods for 1933 and 1934. To this extent the results were rendered incomparable with preceding years.

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EXECUTORS TRUSTEES - FINANCIAL AGENTS

Investment Trends

Too Rapid Advance Uncertainty in Stocks

Long-term Outlook Continues Favorable But Sudden Spurts Subject to Inevitable Recessions—British and European Markets Strong

Recession of several points in stock market averages in quiet trading would be viewed with favor at present as a mild corrective to the recent sharp advance of prices. Market analysts suggest that a quiet recession would lay the basis for a further temporary rise. It is suggested that if the advance continues with high volume it may mark a distributive stage leading to a more substantial decline.

An increasing number of investors are turning to common shares from bonds because it seems the only hope of maintaining or increasing income. One consequence of low interest rates is to encourage speculation rather than thrift.

Recovery in British share prices has gone farther than has stock market recovery here. Some anxiety is expressed by London financial observers lest public speculation increase to boom proportions. European stock markets have strengthened since currency devaluation was announced by gold bloc countries. There have been practically no signs of liquidation of European holdings in New York.

New Highs

AFTER breaking through 170, the Dow-Jones average for New York industrial shares ran well into the 175-180 zone before being checked. This is within 10 points of the best that had been expected to be achieved without interruption. The chart readers suggest that a gentle reversal of several points at this stage might allow a later rise into the 180-190 area.

The Toronto Stock Exchange index average has made little progress above 150, but the Montreal Stock Exchange index has moved strongly toward 90.

Although it seems possible share prices will reach the end of this year without much further advance, or possibly somewhat lower than at present, the longer-range outlook for equities still appears favorable.

* * *

Gambles in Arrears

SOME seemingly easy money has been made this year by purchasing common shares of companies with large arrears of preferred dividends. The theory is that the chance of higher prices for such common stocks is good because the higher the common is pushed the fewer the shares required to settle preferred arrears. Although this may not explain the price advance, good profits have been made in Dominion Tar, Canada Cement, International Metal, Hamilton Bridge, Western Canada Flour and so on.

If the rise of these shares is based on prospects of payment of preferred arrears in cash, it means a long wait for dividends and it may be a long wait in some cases anyway. A safer gamble is in the preferred shares. It is noteworthy that where arrears of interest or dividends have been settled in shares investors have made good profits in numerous cases. Some of the best profits in defaulted paper bonds have been made by these settlements as in the cases of Donnacona and Great Lakes Paper.

* * *

Milling Companies

FLOUR milling companies have been enjoying continuation in the last few months of the improvement shown in recent annual reports for the year ended last July 31. Lake of the Woods, Western Canada Flour, Maple Leaf Milling, Ogilvie Flour, St. Lawrence Flour, and International Milling are the companies concerned.

Reasons for improvement in annual statements, and for continued betterment in earnings, are first, rise of the price of wheat above $1, and a corresponding rise in flour; and second, reduction of world wheat supplies. This combination of circumstances allows flour millers a slightly better margin of profit per barrel even without rising exports. Consequently, if flour and wheat markets continue reasonably firm, as is expected, there is a good prospect of further improvement in earnings for the 1936-7 year. If flour exports were also to rise, the prospects would be just that much better.

* * *

Copper Shares

RISE of copper to 10 cents a pound has stimulated activity in "copper shares." Copper is not the only base metal, of course, and if industrial recovery continues to increase consumption of various metals, better things may materialize for lead and zinc also.

Rising copper prices are highly beneficial to International Nickel which is an enormous producer of copper. Leaders besides International Nickel in the Canadian base metal field, are Consolidated Mining and Smelting, Hudson Bay Mining & Smelting, Noranda. Other lesser mining firms which would stand to benefit from continued improvement in base metal prices include Falconbridge, Sherritt-Gordon, Coast Copper, Opemiska. Shares of the major producers already seem fairly high, but, as was stated in this column some months ago the next boomlet in mining shares may be in the copper and base metal stocks.

* * *

Investment Propaganda

THE average investor would probably be surprised if he knew how much financial news is handed out in "canned" form on tissue paper or mimeographed sheets and actually appears in the daily press for his consumption. The Financial Post writes its own news, disregarding the "canned" variety as an obvious safeguard against propaganda.

One of the latest developments in "free" news is issue of such sheets without showing the source of the information. The source, of course, is highly important and the more cautious newspapers regard it as an essential to check the "news." Where the greatest speed is necessary the prepared items may be eminently satisfactory but only if they avoid coloring and bias and only where the dispenser of the gratuitous news is known to be reliable.

Lift Burden

Ottawa Valley Bondholders Pass Resolutions

From Our Own Correspondent

MONTREAL.—Holders of Ottawa Valley Power Co. 5½% first mortgage bonds have voted approval of proposals for postponement of 2 interest coupons and cancellation of 2 sinking fund payments.

Under provisions of the resolutions, semi-annual interest coupons due October 1, 1936, and April 1, 1937, will be postponed to April 1, 1938, with interest at the same rate as borne by the bonds. The annual sinking fund of ½ of 1%, which was to commence October 1, 1936, will be cancelled until October 1, 1938.

Failure of the company to fulfill its obligations was due to cancellation by the Ontario Government of the contract between the company and Ontario Hydro. As this was Ottawa Valley's only source of income, the company was no longer able to pay interest or meet sinking fund charges.

Dom. Containers Bonds Are Sold

Montreal Paper Box Holding Firm Disposes of Bonds at Premium

From Our Own Correspondent

MONTREAL.—Rene T. Leclerc Inc. announce the sale of $250,000 of 5% first mortgage serial bonds of Dominion Containers Limited at 100.50 and accrued interest. The bonds mature in blocks of $25,000 each year from 1937 to 1946.

Dominion Containers was incorporated in Montreal in 1903 and at present controls Standard Paper Box; King Paper Box; Empire Paper Box; National Paper Box; Acme Paper Box; Freed Paper Box Mfg. Co. and British American Paper Box Co.

Net revenue of the company during 1935 available for interest after deducting administration charges, but before providing for depreciation and federal income taxes, amounted to $115,221. This contrasts with $90,054 and $63,580 in 1934 and 1933 respectively.

Proceeds of the current issue will be used by the company to reimburse the company for advances of $50,000 to the King Paper Box Co. and to pay off bank loans of $60,000.

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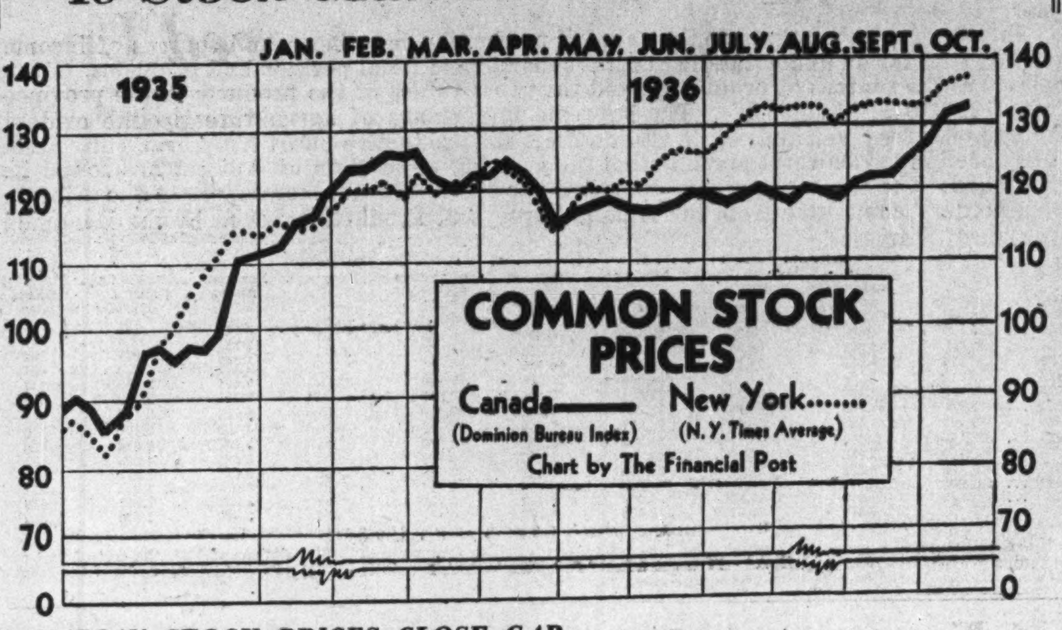
Is Stock Market Rise Excessive?



CANADIAN STOCK PRICES CLOSE GAP

In the sharp advance since August, Canadian stock prices have been making up for their indecisive movements in the summer months. It will be noted that Canadian market movements adhere closely to those in New York and that Wall Street usually gives the lead to an advance. Both Canadian and American share averages have been running in new high ground for the last 5 years.

By C. W. STOLLERY

Is the stock market riding for a fall?

This is the popular question of the moment with investors, particularly with those who sold out and wish they hadn't.

The safe answer is that the stock market is always riding for a fall. But this is comparatively unimportant provided that prices are capable of picking themselves up and going on again.

While the recent rapid rise of stock prices is sure to be followed sooner or later by some temporary set-back, it appears possible for considerably higher market levels to be reached within the next 2 years. But there is more room for advance in some groups of stocks than for others.

Position of Averages

This year's market movements, as measured by industrial share averages, show that already the rise of stocks in Montreal has been greater than for the full year 1935. This is partly due to the marked recovery of flour milling and paper stocks. In New York and Toronto, averages have shown a smaller rise than in 1935. Changes are shown below:

Rise of Industrial Share Averages

	Montreal (Exchange	Toronto indices)	N. Y. (Dow-Jones)
Close, 1934	55.1	99.1	96.9
Close, 1935	68.6	128.5	142.0
Rise, 1935, % ..	24.5	29.7	46.6
Close, Oct. 17, '36	87.2	151.1	177.6
Rise, 1936, % ..	27.1	17.6	25.1

The advance of stock prices in Canadian markets since August has been more pronounced than in New York. The Montreal Stock Exchange average has risen 11.5%, the Toronto Stock Exchange figure by 15.0%. This contrasts with a post-August rise of only 6.7% in New York. However, it must be noted that in the summer months there was pronounced strength in New York while the Canadian markets were lagging. The latter have been making up for the summer delay.

Resistance Points

Granted that there is always likely to be a temporary recession after a pronounced rise of prices, the important thing is to appraise the possible extent of such a decline. Ultimately each individual investor must make his own decision on a point of this kind. It is noteworthy, however, that the apparent points of first resistance to a sharp decline should be somewhere around 144 for the Toronto index, about 81 for the Montreal average, and approximately 170 for the New York figure.

Among the most prominent influences that may bring occasional weakness in stock prices are these:

1. Technical position of the market.
2. Slowness of recovery for corporations dependent on agriculture, forestry and construction industries.
3. Political uncertainty in the United States and in Europe.
4. Canadian government deficits and taxation.

Temporary Influence

The technical weakness of stocks following a sustained advance has been discussed in the foregoing. Such temporary development of weakness is a recurring feature in the stock market. It need not worry the genuine long-term investor provided the condition is only temporary.

The fact that recovery has been sluggish in agriculture, forestry and construction is a favorite topic of discussion when the stock market has a setback. It provides an outlet for pessimism. The very sluggishness of this recovery, however, gives the investor a field in which to place funds in anticipation of better things to come.

This year's sharp advance in newsprint securities is significant. It recognizes the marked rise in newsprint consumption, even though company earnings have risen only modestly, in anticipation that the inevitable result of rising demand will be better prices and profits. In similar hopes of better things construction shares have been strong in recent months.

Government Influences

The coming U. S. elections will probably be blamed for either a rise or a fall of stocks. Current stock market optimism, based partly on the rise, leads to a supposition that the next U. S. Government will be more conservative than the present Roosevelt administration. Even if Mr. Roosevelt's forces are re-elected, it is expected that less radical policies will be followed.

It has not yet been widely recognized that cessation of spendthrift government policies in the United States might at least temporarily retard recovery for some companies. Nor that changes in U. S. tax policies which have brought market - raising extra dividends would put a damper on the present stock boom. While the U. S. elections may have such temporarily disturbing effects on stocks, it hardly seems that sounder government would retard the long-range economic recovery.

The serious weakness in Canadian Government finance is well known to investors. Although elimination of deficits requires deflationary measures, as in the United States, the result for the long run should be to strengthen the foundations of business recovery to the benefit of share prices.

Basic Strength

There can be no doubt that stocks will run into intermittent setbacks. But examination of the basic influences underlying the recurring strength of stock markets shows good reason for confidence that economic recovery can still run a considerable distance. The major factors are:

1. Inflationary credit expansion and rising income.
2. Deferred demand for heavy equipment and new buildings.
3. Virtual stabilization of currencies and growing international trade.

One of the first effects of the expansion of credit was seen in the rise of government bonds from the low levels of 1932. This brought yields on prime bonds down from above 5% to less than 3%. So it has not been inconsistent to see yields on higher quality common stocks drop from above 6 to 4%. For a share paying a steady dividend of $2, this means a rise from about $33 to $50. Thus the financial effect of credit expansion has been to justify a rise of about 50% in values of many stable stocks purely on an investment yield basis without any increase of dividends.

Recovery in Construction

As to capital equipment and new building there is scope for further recovery, and this is anticipated by stock prices. In a recent survey of the construction field, The Bank of Nova Scotia concluded:

"While there is good reason to expect a substantial expansion in construction from current levels, it is probable that less of the nation's energies will be devoted to building than was the case throughout the period 1897 to 1929."

The bank suggests that the most promising fields for new construction are residential, industrial, mining, electric power and certain commercial branches. The important point for the investor is that as yet this field of recovery has not been fully exploited even though the capital goods industries may not have the same high rate of activity as in the past.

Effects of Devaluation

Recent international currency developments promise to maintain stable levels in foreign exchange rates for an indefinite period. The effect is to stimulate international trade, and this in turn may contribute to rising commodity prices. As applied to Canadian stock markets, this is most important because a large proportion of Canadian business depends on foreign trade. Also, this country's total income depends to a large extent upon commodity prices.

Although currency devaluation may not benefit Canadian trade immediately, it should help in time by stimulating international commerce. And as long as Europeans continue optimistic over their equity investments in the United States and Canada devaluation should not hinder stock markets here.

Bases for Advance

It has already been shown that declining interest rates accompanying higher bond prices justified an important advance in stable dividend paying common shares. The other important reasons for higher share prices are improved earnings and dividends. For the first 10 months of 1936, The Financial Post's record shows total dividend declarations of $178 millions by Canadian companies. This is 36% more than for the full year 1933 and about 65% more than for the first 10 months of 1933. It does not seem excessive on these grounds that the present 1936 high for Canadian stocks is about 50% above the highest point for 1933, or even that it is double the highest 1932 level.

While the market outruns itself occasionally and has to sit back and take a rest, the evidence indicates that the average rise of the market since 1933 has been justified by economic developments, by reduced bond yields, and by increased dividends on common shares.

Stocks of companies with stable earnings have already enjoyed a substantial rise because of the low level of interest rates. It is suggested by investment analysts that they have enjoyed a greater proportion of their total advance than stocks of companies operating in industries subject to greater fluctuations in earnings.

Comparison of present levels with 1929 shows which groups of stocks are still most depressed:

Stock Groups 1929 and 1936
(D.B.S. indices, 1926=100)

	Oct. 15 1936	High 1929	% '36 to '29
Telephone, t'graph ..	115.7	129.6	89.3
Food lines	171.2	197.8	86.6
*Miscellaneous	409.1	515.5	79.4
Beverages	171.2	197.8	65.3
Textiles, clothing	73.7	113.5	64.9
Oils	236.7	423.5	55.9
Power, traction	77.8	197.6	39.4
Iron and Steel	151.7	388.9	39.0
Flour milling	100.4	273.4	36.7
Pulp and paper	24.6	113.4	21.7
Transportation	34.6	164.1	21.1
Total	133.7	232.6	57.5

*Includes merchandising, miscellaneous manufacturing.

As has been shown previously in The Financial Post, the groups of stocks furthest below their 1929 levels appear to have the greatest possibilities of improvement. This year's market movements at any rate show the lower groups to have had the greatest rise in price in proportion to value.

Fields for Improvement

Notwithstanding this year's advances, comparatively low prices still prevail for transport, pulp and paper, milling, and steel shares.

As to the sluggish power and traction shares, particularly electric utilities, they have remained comparatively low because of fears of government interference. These depressed stocks could rise substantially if the recovery that has been hoped for in their respective fields does materialize.

Oils, textiles, beverages, foods and similar comparatively stable paying stocks are less risky than more depressed shares. Their very stability, however, may leave less room for further recovery than in the widely fluctuating industries. Textiles and beverages are subject to peculiar influences; with textiles, the tariff, and with beverages it is special taxation. Oils and foods have been among the favorite types of Canadian investments and they have rewarded shareholders with satisfactory returns in many instances. The greatest period of expansion in the petroleum industry, however, appears to have been recorded, although further steady recovery is expected by oil men.

Effect of Leverage

Besides the normal variation in activity in different industries, it should be remembered that the capitalization of the individual company has an important bearing on fluctuations in earnings of common shares. This factor may allow considerably greater appreciation in shares of firms in some comparatively stable industries than would otherwise be possible.

Moore Corporation is a good example of this leverage on common share earnings arising from existence of senior securities. Net profits in 1935 increased about 45%, while preferred dividends remained unchanged. Thus the increase applied entirely to the common shares, raising the common earnings by over 90%.

Future Earnings

The course of money rates has been sharply downward for 4 years, raising high-grade bonds to record peaks. This influence for higher prices for other securities including common shares appears to have spent itself. For the future, therefore, it does not seem unreasonable to look to corporation earnings as the major influence in determining the price trend of individual stocks and of the stock market in general.

As recovery proceeds it is expected that increasing commercial use of credit will tend to raise interest rates. In that rising rates may be due to increased business activity, however, implying greater corporation earnings, the cause may outweigh the effect. Better business should be the more potent influence for higher share prices.

It will be recalled that one of the features of the stock boom which came to a climax in 1929 was that money rates were very high. Another disastrous climax under somewhat modified circumstances may eventually result from the present course of the stock market. As long as interest rates do not rise too rapidly, however, a general collapse of stocks appears distant. While sudden and sustained advances such as have been seen in recent weeks may bring recessions later this year or in 1937, there is a good deal of evidence supporting the view that the stock market can eventually reach greater heights.

OSWALD & DRINKWATER

Members
Montreal Stock Exchange
Montreal Curb Market
Toronto Stock Exchange
Canadian Commodity Exchange Inc.
Canadian Commodity Clearing Association Inc.

Insurance Exchange Bldg.
Montreal
HArbour 6101*

Great Lakes Power Company, Limited

4¼% First Mortgage Bonds

Due Sept. 1st, 1956

Denominations: $1,000 and $500.

Established 1916, Great Lakes Power Company, Limited generates and sells hydro-electric power to the City of Sault Ste. Marie and surrounding communities, to large industrial users and to mining developments in the territory.

Earnings of the Company have increased steadily during the past four years, and for the year ended December 31st, 1935, after provision for retirement allowance, amounted to 2.9 times interest requirements on the issue of $4,250,000 First Mortgage 4¼% Bonds.

Price: 99.50 and interest, yielding 4.28%

We shall be glad to forward descriptive circular upon request.

Wood, Gundy & Company Limited

Toronto, Montreal, Winnipeg, London, Eng. — 36 King Street West, Toronto — TELEPHONE: ELGIN 4321 — Ottawa, Hamilton, Vancouver, London, Ont.

Ontario Oil Output

Ontario's production of crude petroleum in the first 7 months of 1936 was almost exactly the same as that of the same period in 1935.

This appears as a matter of record only and is under no circumstances to be construed as an offering of this stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such stock.

New Issue

150,000 Shares

Distillers Corporation-Seagrams Limited

(INCORPORATED UNDER THE LAWS OF THE DOMINION OF CANADA)

Cumulative Preferred Stock 5% Series

(Par Value $100 Per Share, Currency of the United States of America)

Carrying Common Stock Purchase Warrants

Price $97 per Share

A Prospectus, a copy of which has been filed with the Secretary of State of Canada under the provisions of the Companies Act, 1934, will be promptly furnished by any registered dealer in securities in this Province, on request.

Copies of the Offering Prospectus as filed with the U. S. Securities and Exchange Commission in Washington, D. C. are obtainable from the undersigned, who, however, will offer this stock in this Province only to registered dealers in securities in this Province.

Brown Harriman & Co. Incorporated

Blyth & Co., Inc. — **Goldman, Sachs & Co.**

Stone & Webster and Blodget Incorporated — **Hayden, Stone & Co.**

Kidder, Peabody & Co. — **Cassatt & Co.** Incorporated — **Alex. Brown & Sons**

October 21, 1936.

CREDIT

The Foundation on which Progress is Built . . .

Our present standard of living, business in its various phases, our modern means of communication, transportation and electrical power development have all been moulded from a sound system of credit.

Just as credit has built our present industrial and business structure, so must it be made available to expand and build for the future.

Industry has available to-day, through Industrial Acceptance Corporation Limited, a form of credit between seller and buyer which will permit the sale of capital equipment on a basis whereby payment may be made in keeping with the earnings enjoyed or savings effected by modernization. New machinery, Heating or Air-Conditioning Equipment, Renovation of present plants, all tending toward efficiency and economy, may be sold through I.A.C. credit facilities. You can expand your market NOW by making available to your prospects this sound instrument of credit.

I.A.C. Plans are designed to provide financing for over 50 different types of equipment.

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED

HALIFAX, SAINT JOHN, QUEBEC — MONTREAL, OTTAWA, KINGSTON — TORONTO, SUDBURY, HAMILTON — LONDON, CHATHAM, WINDSOR — WINNIPEG, REGINA, SASKATOON — CALGARY, EDMONTON, VANCOUVER

A NATIONAL SERVICE • A CANADIAN COMPANY

Bond Markets

High Grade Bonds Firm Despite Dull Trading

Interest in Western Provincial Bonds Revives, Alberta and Saskatchewan Issues Recovering Sharply

Although the volume of trading continues small, prices of high grade government bonds have steadied, thus bringing to an end a 3-week period of declining prices. Prices of most issues are off 2 or more points from highs for the year recorded on Sept. 16.

Buyers of both short and long term securities for the time being at least have shifted their attention to other investment channels and there has been some diversion of funds on the part of individual investors to the stock market. Institutional buying on a large scale has also been absent.

Western provincial bonds, with the exception of Manitoba issues, have more than regained the ground lost during the past month. Alberta 4's have gained 4 points and are selling at 60 for the first time in over a month. Saskatchewan issues have recorded total gains of from 2 to 5 points in recent sessions, and British Columbia bonds from one to 3 points.

Refunding of the $6.5 millions of 5½% first mortgage bonds of Howard Smith Paper Mills Ltd. is in the immediate offing. Public offering of a new issue of bonds is likely to be announced shortly. While definite information is not available, it is expected the issue will consist of both short and long term bonds.

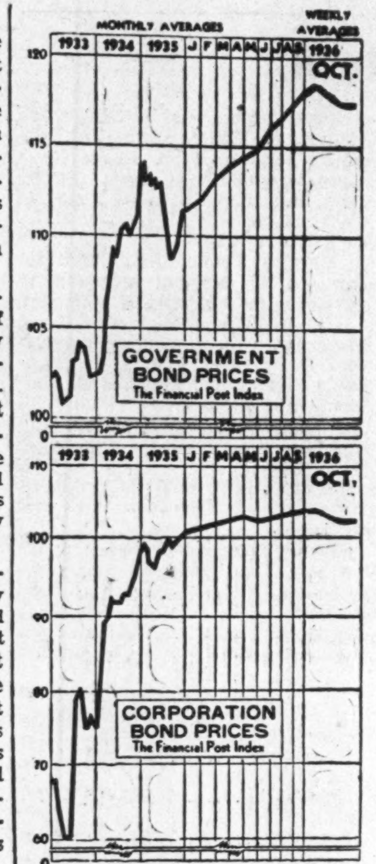
Redemption of McColl-Frontenac Oil Co. 6's is also a probability. The decline in the price of this issue to within half a point of the call price would indicate that such action is expected by the market.

Interest Rates

IN A paper given before the American Life Convention at Dallas, Texas, C. C. Ferguson, general manager of the Great-West Life Assurance Co., stated that on a purely statistical basis, having regard to the facts of history and current business trends, there is reasonable justification for expecting that interest rates will soon begin to advance moderately.

A disturbing factor in the situation, however, which, in view of Mr. Ferguson, may prevent history from repeating itself is that "managed money" has come into being. There can be little doubt but that the easy money policy of governments has accelerated the decline in interest rates in recent years, and the probability is that governments will attempt to continue this policy in the future.

Accordingly, in forecasting interest trends, it has become necessary to take into consideration the kind and direction of the management that is likely to be given to interest rates by governments and also the degree to which the management will likely be able to achieve its desired ends. Since this introduces into the picture human motives and influences which are well-nigh incalculable, the difficulty of accurately forecasting interest trends has become multiplied.



* * *

Discount Bonds

INVESTORS and speculators continue to give widespread attention to discount and defaulted bonds, although many of these have already recorded substantial appreciation from levels prevailing early in the year. Many buyers appear to believe there will be further price recovery.

Activity in discount and defaulted bonds has been largely based on improved business conditions. In many cases the capital appreciation has been justified by better earnings, while in others the future is being discounted heavily. It is generally felt, however, that the corner of improved business has been turned. As a result many investors are of the opinion that discount bonds are even more attractive than a year ago from an investment standpoint.

Again, if interest rates rise and high grade issues at present selling at premium decline, it does not follow that the price advance in high coupon discount bonds will be halted. Further inflation or continued improvement in business, in the view of most observers, should accelerate the capital appreciation.

* * *

Market Notes

NEWSPRINT bonds continue active although recent price changes have not been important.

Proposals for reorganization of Canada Steamship Lines have resulted in an advance in the price of 6% first and general mortgage bonds to 60, a gain of 3 points.

Calgary 5's have risen 5¼ points to 97¼.

Although bondholders voted to defer interest to 1938, Ottawa Valley Power 5½'s advanced 2½ points to 76½.

As is indicated below, the trend of the high-grade market has been firm.

The Financial Post Index of Average Price and Yield of High Grade Govt. Bonds

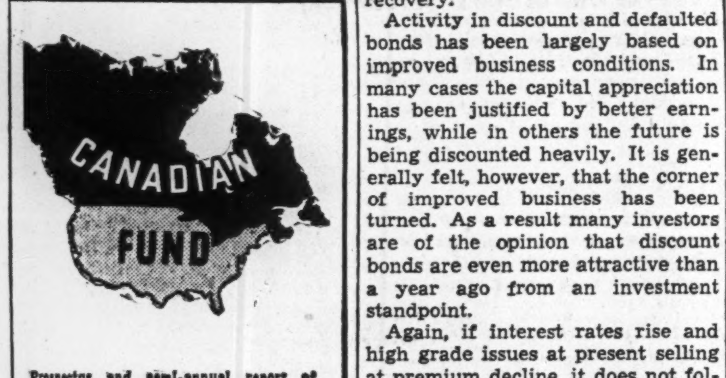
1936	Price $	Yield %	1935	Price $	Yield %
Oct. 20	115.70	3.173	Oct. 19	110.21	3.737
Oct. 19	115.50	3.180	Oct. 18	110.07	3.749
Oct. 17	115.50	3.180	Oct. 17	110.29	3.731
Oct. 16	115.50	3.180	Oct. 16	110.46	3.719
Oct. 15	115.49	3.181	Oct. 15	109.79	3.781
Oct. 14	115.49	3.181	Oct. 14	108.89	3.871
Year's	117.91	2.966	Year's	114.97	3.367
Range	111.50	3.597	Range	106.57	4.097

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Can. Cement ..	5½%	1947	Nov. 1	104
Gt. Lakes Pwr..	6%	Serial	Nov. 1	*
Hyd.-Elec. Pr. Ont.	3½-5%	1952	Apr. 1 '37	100
Dom. Tar, A, B	6%	1949	Nov. 16	103
Simpson's, A ..	6%	1949	Nov. 20	104
Do., B	5½%	1949	Nov. 20	104
Riordon Pulp ...	‡6%	1942	Dec. 31	105
H. Walker ...	†4¼%	1945	Dec. 1	104
Atlan. Sugar	5%	1942	Oct. 31	100
Rolland Paper ..	5½%	1948	Nov. 2	103
Porto Rico Pr. ..	5%	1936	Nov. 1	100

For sinking fund: ‡$81,000.
*Callable on 4½% income basis.
†Partial redemption.

Stock Issues:	Rate	Stock	Date	Price
Stanfields	6%	Pref.	Dec. 15	42
Atlan. Sugar ..	7%	Pref.	Oct. 31	105
G. Tamblyn ...	7%	Pref.	Nov. 1	110



Prospectus and semi-annual report of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.
CALVIN BULLOCK, LTD.

Tenders for COUNTY OF CARLETON DEBENTURES

Sealed tenders addressed to the undersigned will be received up to 2 o'clock, P.M., Wednesday, October 28th, 1936, for the purchase of the following debentures, bearing 4 per cent interest, with coupons attached, dated September 1st, 1936.

$31,000.00 payable in 10 equal annual instalments of principal and interest.

All tenders to be Ottawa Funds.

The highest or any tender not necessarily accepted.

HENRY R. WASHINGTON,
County Clerk and Treasurer.
Court House,
Ottawa.

NOTICE

IN THE MATTER OF an enquiry into the financial affairs of the City of Calgary.

Notice is hereby given to all parties holding City of Calgary debentures, or other securities, that the Council of the said City of Calgary has made application to the Board of Public Utility Commissioners of Alberta, for the holding of an enquiry into the financial affairs of the City of Calgary in accordance with the provisions of Part IV of The Public Utilities Act of the Province of Alberta.

And notice is further given that the said Board has fixed MONDAY, the 16th day of NOVEMBER, 1936, commencing at 10.00 o'clock in the forenoon, in the Court House, City of Calgary, as the time and place for the opening of such enquiry.

All communications regarding such enquiry are to be addressed to the undersigned.

G. A. THIBAULT,
Secretary, Board of Public Utility Commissioners of Alberta, Administration Building, Edmonton, Alberta.

TOWNSHIP OF TISDALE Tenders for Debentures

TENDERS will be received by the undersigned up till five o'clock on Monday, the 26th day of October, 1936, for the purchase of $150,000.00 of 5½%, 15-year Debentures for the construction and installation of a new Pumping Station and Disposal Plant and Sewer and Waterworks Extensions.

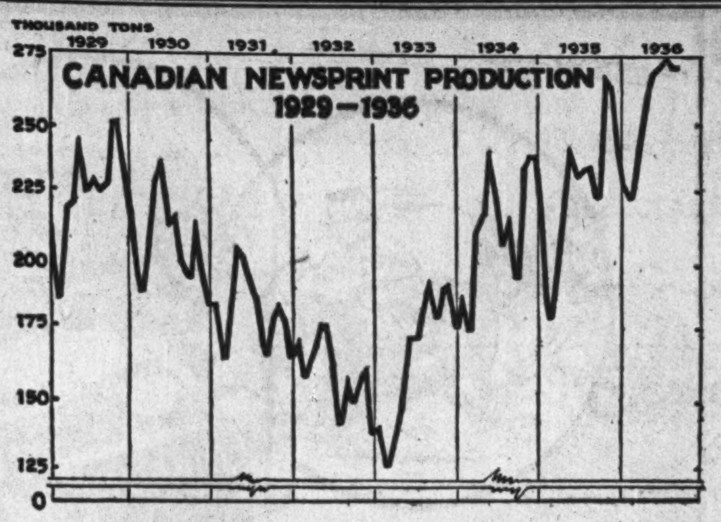
Debentures shall be issued in sums of not less than $50.00 each, equal annual payment $14,943.00.

The above is issued under Township By-Law No. 439.

Further particulars may be had from the undersigned.

DATED this 5th day of October, 1936, at South Porcupine.

FRANK C. EVANS,
Treasurer, Township of Tisdale.



RISE OF NEWSPRINT PRODUCTION

This year's sharp advance in newsprint securities is based to a large extent upon the pronounced increases in production as shown in this chart by Melady, Sellers & Co., Winnipeg. Investment markets for paper securities are strong in anticipation that rising consumption will eventually mean higher prices for newsprint and profits for the companies.

Investment Notes

Ogilvie Flour—The company is to be complimented on the modern form of this year's statement, as well as for the increase in earnings. The report is thumb-indexed for the reader's convenience, and it is to be hoped that this practice spreads.

* * *

Brazilian Traction—"There is a feeling that the entire exchange situation of the world will be benefitted and consequently Brazilian Traction, which has been unable to remit funds freely for some years, will now be in a better position." So says the Stock Exchange Gazette, London, regarding Brazilian's rise on the strength of currency devaluation.

* * *

Abitibi—Largely because of the low price of shares which are preceded, of course, by the large defaulted bond issue and preferred stock, there has been considerable speculative interest of late in the common stock.

* * *

Hunt's Ltd.—The company has leased additional storage space for its main Toronto plant to handle expanded business, but apparently has not yet made its lease of the Savarin restaurant profitable.

* * *

Walker-G. & W.—Earnings of $6.56 a share shown in the preliminary report are about 35 cents a share higher than expected, accounting for the favorable action of the shares. Having undertaken big expansion in the U. S. market at an early stage, the company appears to have passed the period of greatest financial requirements. Shareholders are hoping for increased dividends but the company may prefer to pay off debentures first. Prompt issue of the advance report is commendable.

* * *

Maple Leaf Milling—While dividends are distant, it is believed that the recent statement of earnings for the year ended July 31, 1936, was on a conservative basis.

* * *

Kelvinator—Apparently the British subsidiary has been doing "a land office business" in refrigeration which may be reflected in this year's report.

* * *

Atlantic Sugar Refineries' recent financing is the cheapest carried out by a corporation in some years. The commission paid to the underwriters for selling $2 millions of debentures was only $42,500 or about 2.12%.

* * *

United Steel—Stock market gossips suggest there is at present some distribution of shares to the public at $5 or better. However, the management is optimistic over the ultimate possibilities which have yet to materialize into satisfactory earnings for the present company.

* * *

Massey-Harris—Rumors of "inside" buying of the preferred are unconfirmed, and despite higher total return from the smaller crops of this year the shares have sagged gradually.

* * *

Easy Washing—Possibility of payments on the preferred in the near future has strengthened the common. Preferred requirements are now only $5,400 annually, but the earnings record is unimpressive.

* * *

Consolidated Bakeries—Believed to be maintaining earnings satisfactorily this year but information is very scarce.

* * *

Canadian Car—Preferred and common shares have been active of late, the former now being within a point or two of its par value of $25 a share. The financial statement for the fiscal year ended September 30 is expected to show a net operating profit. This is regarded as bullish considering the fact that for several years the company has recorded a series of deficits.

* * *

Lake of the Woods Milling—The preferred was bid up to 170 this week, reflecting the growing belief that the company will take steps shortly to clear up its dividend arrears of $28 a share.

* * *

Asbestos Corp. is neither owned, controlled, nor in the hands of any manufacturing concern and it remains the largest independent producer of asbestos in the world, according to an official statement issued by Kenneth T. Dawes, vice-president of the company. Reports have been circulated that control had passed to manufacturing interests and as the company considers its position as an independent producer of material advantage in selling its products, an official denial is made.

* * *

International Petroleum — Non-publication of reports prior to 1935 makes it difficult to weigh the relative position for last year. However, the report for 1936 is expected to show more earnings.

* * *

Steel of Canada—The common touched a new high for the present shares, when the stock passed 70. Reports are that the company is doing well this year. Prospects are good. Another bullish factor is the likelihood that the company will start paying off the "arrears" on the common.

* * *

St. Lawrence Paper—Among the newsprint securities actively traded of late is St. Lawrence Paper Mills preferred, the current value of which at 53½ represents a new high for the year. The company is doing better, but the financial statement for 1936 is not likely to show much better than an even break on operations. There is no hope at this time for a resumption of dividend payments.

* * *

Canada Cement — Construction stocks are being boosted as speculative purchases. This is reflected in rise of Canada Cement common above 10. The company's position is a strong one, but a great deal remains to be done before the common shareholders come in for any share of the earnings.

* * *

Foundation Co.—The shares have touched a new high for this year. This stock has a wide following, not only because of the showing made during the depression but on the prospect of substantial earnings and dividends when construction becomes more active and on this year's substantial contracts.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Iron and steel 15	Pulp and paper 6	Milling 5	Oils 5	Textiles and clothing 11	Food and allied products 18	Beverages 9	Total industrials 89	Total utilities 23	Total co's. 112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
February	140.5	20.2	84.3	246.5	74.0	158.7	151.7	200.0	57.0	126.1
March	136.5	18.5	88.7	237.3	73.1	153.0	140.1	194.8	55.5	122.8
April	131.7	17.5	91.0	244.5	71.3	150.7	131.7	194.2	53.2	121.4
May	125.1	16.7	87.3	234.0	68.1	145.7	131.4	187.9	52.5	117.9
June	125.3	17.5	86.5	228.1	67.4	149.2	129.3	189.3	53.3	119.0
July	126.0	18.6	87.0	224.3	66.8	153.9	131.6	190.1	53.8	119.6
August	128.5	18.0	89.9	218.9	68.0	157.1	135.7	191.4	53.1	119.9
September	137.9	20.3	93.9	220.6	70.6	162.5	138.2	200.6	54.8	125.2
Weekly Figures, 1936:										
Oct. 1	141.0	21.7	99.0	225.7	71.2	166.5	132.1	205.2	55.2	127.1
Oct. 8	149.5	24.8	100.3	230.0	73.3	170.2	132.5	210.3	59.2	131.5
Oct. 15	151.7	24.6	100.4	236.7	73.7	171.2	133.6	213.8	60.2	133.7

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Oct. 20	150.41	137.59	156.45
Oct. 19	150.69	137.60	158.70
Oct. 17	151.07	135.56	157.79
Oct. 16	150.54	135.53	157.76
Oct. 15	149.75	135.49	156.36
Oct. 14	150.06	135.82	151.59
Month ago ..	140.63	140.00	153.07
Year ago ...	112.54	103.85	93.86
High, 1936 ..	151.07	150.46	158.70
Low, 1936 ...	125.71	115.97	123.59

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Oct. 20	76.3	87.6	83.8
Oct. 19	77.0	88.1	84.4
Oct. 17	77.4	87.2	84.0
Oct. 16	78.2	86.7	83.9
Oct. 15	78.2	85.8	83.3
Oct. 14	78.3	86.7	83.9
Month ago	72.1	80.9	77.9
Year ago	62.1	60.6	61.1
High, 1936	78.5	88.1	84.4
Low, 1936	67.2	69.5	68.9

C.S.L. Reorganization Scheme Agreed Upon

Sharp Reduction in Fixed Charges Effected Under Plan

From Our Own Correspondent

MONTREAL.—Official announcement is made on the proposed plan of reorganization of Canada Steamship Lines, much along the lines outlined in The Financial Post 2 weeks ago.

The more important features of the proposed plan, which will be placed before the first general mortgage bondholders and preferred and common shareholders for their approval, are summarized as follows:

Existing 5% debentures shown at $2,186,719 to be redeemed Aug. 15, 1937; present first general mortgage 6% bonds at $17.5 millions to be replaced by $10.5 millions of new 5% bonds;

Existing 6% cumulative preference shares—150,000 shares at $100 par value—to be replaced by new 5% preference shares—229,250 shares of $50—making a total of $11,462,500;

Present common shares—120,000 shares of no par value—carried on the books at $3,084,523, to be replaced by 300,000 shares of no par value, with a book value of $3,391,500.

Basis of Distribution

In effect the plan proposes that each holder of $1,000 principal amount of the present 6% bonds receives $600 principal amount of the new 5% bonds, plus 13 1/10 of new preference shares and 3 new common shares.

Holders of the present preference share will receive approximately three-quarters of the balance of the new common shares, while present common holders will receive the remaining common.

The distribution of the common stock equity would be as follows:

	shares
Bondholders	52,500
Preference shareholders ...	185,625
Common shareholders	61,875

The outstanding first and general mortgage bonds are to be cancelled and replaced with the new 5% bonds, maturing January 2, 1957, which bonds on the redemption of existing debentures become first mortgage bonds, forming part of a new authorized issue of $17.5 millions, of which $10.5 millions will be issued.

Reduce Fixed Charges

The effect of the plan is that the present fixed charges of $1,159,000 will be reduced, after retirement of debentures, to $525,000 per annum, until such time as sinking fund features of the new bonds and cumulative features of the new preference shares become operative in 1943. In addition to which the revaluation of the company's assets will result in substantially lower charges for depreciation being required in the future.

The new preference shares, having a par value of $50 each will be entitled to preferential dividend of 5%, which until Jan. 1, 1943, shall be non-cumulative but shall be entitled during the period prior to that date to dividends out of earnings, subject to certain conditions.

Dividends Declared

	This payment	Date payable	Date of record
Anglo-Can. Tel. pf.	87½c	Nov. 2	Oct. 15
Alta. Wood Pres., p.	$1.75	Oct. 1	Sept. 25
B. C. Tele. 2nd pf.	$1.50	Nov. 2	Oct. 17
Beatty Bros., 1st pf.	$1.50	Nov. 1	Oct. 15
Buff. Ankerite	5c	Nov. 15	Nov. 1
Bk. of Commerce ..	$2	Dec. 1	Oct. 31
Bk. of Montreal ..	$2	Dec. 1	Oct. 31
Bk. of Toronto ...	$2.50	Dec. 1	Nov. 14
Can. & Dom. Sugar	$1	Oct. 20	Oct. 15
Can. Inv. Fund, sp. & ord.	3½c	Nov. 1	Oct. 15
Do., extra	.00½	Nov. 1	Oct. 15
Can. Indus., A & B	$1.25	Oct. 31	Sept. 30
Can. Nor. Pwr. .	30c	Oct. 26	Sept. 30
Can. Iron Fd., pf.	$1.50	Nov. 15	Oct. 31
Can. Bronze	25c	Nov. 2	Oct. 20
Do., pref.	$1.25	Nov. 2	Oct. 20
Calgary Power, pf.	$1.50	Nov. 2	Oct. 15
Coast Brew.	27c	Nov. 1	Oct. 15
Crown Cork	20c	Nov. 16	Oct. 31
Crow's Nest Coal....	$2	Nov. 2	Oct. 15
East. Steel, c.	$1	Nov. 2	Oct. 16
Hollinger Gold ...	5c	Nov. 3	Oct. 19
Do., extra	5c	Nov. 3	Oct. 19
Humberstone Shoe	50c	Nov. 1	Oct. 15
Inter. Utilities, pf.	$1.75	Nov. 1	Oct. 20
Do., $3.50 pf. ..	87½c	Nov. 1	Oct. 20
Imperial Bank ...	$2.50	Nov. 2	Sept. 30
Int. Nickel, pfd. ..	$1.75	Nov. 2	Oct. 3
Macassa Gold	5c	Nov. 2	Oct. 15
Mtl. L., H. & P. .	37½c	Oct. 31	Sept. 30
McWatters Gold ..	5c	Oct. 30	Oct. 20
McIntyre Porc. ...	50c	Dec. 1	Nov. 2
Nor. Ont. Pwr., pf.	$1.50	Oct. 25	Sept. 30
Do., com.	75c	Oct. 25	Sept. 30
Ont. Steel, pf.	$1.75	Nov. 16	Oct. 31
Do., arrears	$2	Dec. 16	Oct. 31
Penmans, pref. ...	$1.50	Nov. 2	Oct. 21
Rolland Paper, pf.	$1.50	Dec. 1	Nov. 14
Root Petrol.	25c	Nov. 1	Oct. 19
Royal Bank	$2	Dec. 1	Oct. 31
Royal Trust	80c	Oct. 31	Oct. 1
Russell Motor	$1.75	Nov. 2	Oct. 21
Do., arrears	$1	Nov. 2	Oct. 21
Simpsons, pfd.	$1	Nov. 2	Oct. 22
Simpson, Robt., pf.	$3	Nov. 2	Oct. 15
South. Can. Pwr., c.	20c	Nov. 16	Oct. 31
St. Law. Flour ...	50c	Nov. 2	Oct. 20
Do., pref.	$1.75	Nov. 2	Oct. 20
Steel of Can.	43¾c	Nov. 2	Oct. 7
Do., pref.	43¾c	Nov. 2	Oct. 7
Saguenay Pr., pf..	$1.37½	Nov. 1	Oct. 15
Tamblyn, c.	†20c	Jan. 1, '37	......
Toburn Gold	2c	Nov. 21	Oct. 21
Westm'ster Pap., c.	20c	Nov. 1	......
Weston, Geo.	$1.25	Nov. 2	Oct. 20
Willson Statrs. pfd.	$1.25	Oct. 15	Sept. 30

†Initial.

Bond Tenders

5 p.m., Oct. 26, Twp. of Tisdale—$150,000, 5½% 15-yr. debentures. Frank C. Evans, treas. (See announcement on page 5).

Oct. 26, Granby R. C. Sch. Comm.—$25,000, 4%, dated Sept. 1, 1936, redeemable serially from Sept. 1, 1937 to Sept. 1, 1961.

2 p.m., Oct. 28, County of Carleton—$31,000, 4%, 10 install. bonds, dated Sept. 1, 1936. Henry R. Washington, county clerk and treas., Court House, Ottawa. (See announcement on page 5).

12 noon, Oct. 28, Parish of Saint-Germain of Outremont, P.Q.—$460,000 bonds. J. A. Trudeau, pres. of the trustees, 38 Notre Dame St. W., Montreal.

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Calgary Finances Are Under Review

Investigations in the financial affairs of the cities of Calgary and Edmonton by representatives of the bondholders in order to determine whether the cities are unable to pay full interest on their bonds is proceeding.

The preliminary investigation undertaken by the Dominion Mortgage and Investment Association in Toronto has been completed and F. L. Hancock, a member of the staff of that organization, is leaving for Calgary on Oct. 23 in order to complete the survey. He will also visit Edmonton with the same purpose in mind.

Public enquiry into Calgary's financial situation by the public utility board of Alberta will be held on Nov. 16. J. E. Fortin, secretary of Dominion Mortgage and Investments Association, will represent the bondholders at the hearing.

UNDERWOOD HAS ALWAYS LED WITH CONTROL OF KEY TENSION!

At the 1936 C.N.E., George H. Hossfield won the World Professional Championship for the 9th time. His 1929 record of 135.483 words per minute has never been equalled!
—"IT'S TUNED TO THE FINGERTIPS"
On no other typewriter will you find Touch Tuning, for greater typing ease! Or the famous Champion Keyboard, for still greater speed! Or CUSHIONED TYPING, for quietness! Have this new Underwood demonstrated in your office to-day—no obligation!

"Only Touch Tuning can achieve perfection of touch!"
states
GEO. H. HOSSFIELD
World's Professional Speed Typing Champion
Underwood engineers were FIRST to realize that some typists required an easier key action than others . . . So, Underwood pioneered "key control" (a simultaneous adjustment of all keys).
But Underwood quickly followed with Touch Tuning. Different fingers on the hand vary in the pressure they exert on the keys. With Touch Tuning, Underwood made it possible to adjust each and every key on the keyboard SINGLY to the individual touch of the finger that strikes it.
Touch Tuning has been exclusive with Underwood! On no other typewriter can you find *individual key adjustment.* There's no matching Underwood's uniform work!
This and twenty-three other major developments have made the Underwood the unmistakable choice of Canadian commerce, industry and training schools . . . *7 out of every 10 typewriters in use in Canada today are Underwoods!*
Underwood Elliott Fisher Limited
J. J. Seitz, Pres. J. L. Seitz, Vice-Pres.
Toronto. Branches in all Canadian cities.
THE NEW **Underwood** STANDARD TYPEWRITER
—the winner of all 5 typing championships at the 1936 C.N.E.!

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Glace Bay, N.S.	Oct...	W. L. McKinnon & Co.	5%	15-ins.	$75,000	....	.....
County of Inverness, N.S.	Oct...	Irving, Brennan & Co.	4½%	....	30,000	97.55	.....
Dominion—							
Canada Treasury Bills	Oct...	....	...	Jan. 15/37	$25,000,000	99.82	.702%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Dominion Containers	Oct..	Rene T. Leclerc	5%	1937-46	$250,000	100.50	.....
Stock Issues—							
Nipsona Mines	Oct...	Lindsay, Blakely Co., W. J. Marshall & Co.	....	....	400,000 shs.	25c	.....

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post Has the Largest Paid Circulation of Any Canadian Financial Paper

Editor—Floyd S. Chalmers

Business Manager—D. M. Gowdy

The Financial Post Business Year Book, Yearly, $2.
The Financial Post Survey of Corporate Securities, Yearly, $2.
The Financial Post Survey of Mines, Yearly, $2.
The Financial Post Record of Prospectuses, Half Yearly, $7 per volume.
The Financial Post Corporation Service, $20 monthly. Special prices for individually selected investor's service.
Directory of Canadian Directors and Officials, Yearly, $10.

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THE MACLEAN PUBLISHING CO., LIMITED
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MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.
GREAT BRITAIN, London, Resident representative: J. K. Ross-Duggan, Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London S.W.1. Telegraphic Address, Atabek, Lesquare, London.

TORONTO, OCTOBER 24, 1936

The Financial Post's Platform for Canada

1. *Balanced budgets, achieved through economies and not by new taxation.*
2. *A "pay-as-you-go" policy in public spending to peg public debts.*
3. *Abolish politics in the C. N. R. to end deficits.*
4. *Appointment, promotion and payment by merit in the public service.*
5. *Integrity in meeting public obligations.*
6. *Freer foreign trade through Empire preferences and foreign treaties.*
7. *Stable tariffs designed for balanced national development.*
8. *Stricter laws to protect investors.*
9. *An even break for Canadian national newspapers and periodicals.*

9. Equality For Our Literature

EVERY enlightened country seeks to develop its own national literature, particularly its periodical literature. It is the printed word that informs, that shapes the minds of young and old, that mixes diverse ideas to create national feeling and national ideals. Our national newspapers and periodicals are a necessary factor in nation-building. Besides promoting a clear-cut, unselfish nationalism, they sponsor the Canadian way of living and promote the production and sale of Canadian products.

Some countries subsidize their national literature. Canada does just the opposite. It handicaps its own periodicals and, in effect, subsidizes imported literature that features the customs, habits and products of other countries.

No programme for Canadian development can be complete without an effort to put Canadian publications on a basis of equality with foreign competitors. Foreign literature should not be barred except when it is salacious or subversive; there should be no dams to stop the flow of good ideas. But neither should the flow of Canadian ideas be dammed up by discriminatory taxes.

The kernel of the problem is that foreign magazines and other periodicals enter Canada without payment of any duty. With their enormous home markets they are able to get tremendous advantages in costs of phsyical production. They can afford lavish editorial budgets. Many such publications are dumped here by their publishers as over-flow circulation.

It would be difficult enough for Canadian periodicals to compete with them if there were no state-imposed handicaps on our own literature. But there are such handicaps in the form of taxes and import duties on a wide range of raw materials, borne by the Canadian periodicals but not paid by the American periodicals.

Mr. King, in 1930, sought to correct the injustices by a system of drawbacks. Mr. Bennett cancelled these but put a duty on foreign publications. Each plan of correcting some of the inequity in the situation had its advantages and its disadvantages. Mr. King's plan helped to equalize costs of production in the United States and Canada. Mr. Bennett gave Canadian magazines protection. Under both plans our periodicals came ahead. When they had protection they cut their sale prices and improved their product.

The U. S. reciprocity treaty left Canadian periodicals in an impossible situation. It wiped out their protection while leaving them with all their taxation handicaps. Concessions that were granted by the government some months later have still left Canadian publishers seriously handicapped. They still pay import and sales taxes on many raw materials that can be assembled abroad into a magazine and brought in duty free.

There is no other industry in Canada in such a position, which pays duties on a wide range of raw materials although competitive finished products enter duty free. The situation applies only to periodical publishing which is more than an industry; which is an instrument of national development.

Is there any other country in the world that handicaps its own agencies for the molding of national thought; which imposes upon them taxes and burdens from which all agencies of foreign propaganda are entirely exempt? Is there any other country, whether Democracy or Dictatorship, that would permit such a situation to continue for a day?

Land Cannot Pay These Costs

THE tax crisis of our towns and cities is at once a dilemma to aldermen and officials and a barrier to recovery.

Canada needs new homes. It needs a revival of real estate values. Both are essential to clean-sweep prosperity. Money can now be had cheaply enough; building costs — though high enough — are not so high to be the real barrier to construction. But few can afford to build new homes when municipal taxes are so heavy as to destroy land and building values.

There's the problem. Renewed home-building on a large enough scale — whether the product of the national housing plan or entirely of private initiative— would help the municipalities out of their financial difficulties. But the very existence of those difficulties makes application of the natural remedy difficult.

Municipal taxes are high chiefly because of the New Paternalism, some of it of long-term growth, some depression-born. Take Belleville, as an example. F. G. Chamberlain, municipal auditor of that Ontario city, points out that 9 mills of the taxes imposed on land go for purposes for which the land should never have been taxed: unemployment relief, old age pensions, mothers' allowances, hospitalization and various forms of indigent assistance.

Mr. Chamberlain illustrates the injustice of the tax incidence with this comparison:

"We have a married man drawing a salary of $2,000 a year. He is not a land owner and is paying no more rent than he did in 1929. Being a married man, he is exempt from income tax, therefore is not called upon to share any of the burden that has fallen on the land tax payer.

"On the other hand, we have a workingman out of employment, but one who has been thrifty in the past and got himself a little home valued at $1,500 to $2,000. Being out of work he is having a hard time to keep his taxes paid to save his home from tax sale. For his thrift he is penalized to the extent of 9 mills on his taxes to help his fellow creatures who are not able to care for themselves."

Mr. Chamberlain's proposed remedy, supported by the local City Council and the Chamber of Commerce, is a payroll tax to provide for these social service items, the funds to be administered by a Social Service Commission.

The distinctive merit of Mr. Chamberlain's idea is that it puts the cost of social services where it should fall, on pocketbooks, according to income, and not on land, which cannot carry the load.

An alternative way out should not be overlooked. It is to consider social services, most of which have been imposed upon the municipalities from above, as capable of being administered and financed more effectively on a province-wide scale with Dominion assistance.

Canadian Farmers Watch U. S.

BOTH directly and indirectly the Canadian farmer is concerned with the United States election.

Mr. Landon has come out emphatically against the recent U. S.-Canadian trade agreement. True his criticism was voiced in the corn belt states which believe that any influx of Canadian cattle is detrimental to their own livestock feeding operations.

But nevertheless it was Mr. Landon's own Republican party which was responsible for the high American tariff against foreign cattle. Abrogation of the trade agreement would naturally affect Canadian cattle, cheese and sundry other agricultural products which were granted specific exemptions and quotas.

High grade wheat would not be affected directly because there was no change in the 42-cent duty. Certain reduction were made in feed grains but not in the higher brackets of wheat itself. But notwithstanding this duty close to 50 million bushels of Canadian wheat were exported to the United States in the last year and a similar quantity or more is expected to be exported from the current crop. Such trade as well as that in all Canadian agricultural products to the States might be greatly curtailed in the event of a Landon win.

Agriculturally Mr. Roosevelt favors controlled production. Through his A. A. A. and succeeding policies, his agricultural advisers have attempted to keep production within the apparent demand. The object was higher prices to the producers. But there is such a wide margin as to what may be produced from the same land in different seasons that acreage had to be reduced as near as possible to the dangerous minimum in order to guard against bumper crops and gluts.

Indeed with a big agricultural country such as Canada right alongside it was possible to shave acreage below the minimum and count upon controlled exports to make up any deficiency. Such a policy has given Canada a new and unexpected outlet for surplus farm production and at high prices. It explains the right about face of United States from a leading wheat exporter to an actual importer in the short space of three years.

British Corporation Income Taxes

THERE is a popular misconception that corporations in Great Britain pay higher income taxes than corporations in the United States or Canada. This is apparently due to the errors that arise from mere comparisons of income tax rates, without consideration of the methods of applying the rates. The U. S. Chamber of Commerce presents comparative figures to which Canadian figures may be added.

The present income tax rate upon British corporations is 23¾ per cent of net income. A British corporation, however, is permitted to carry forward its losses as long as six subsequent years and is allowed to deduct from dividend and interest payments 23¾ per cent and to retain this deduction untaxed. Capital gains and losses are substantially ignored and in general under British law taxable income corresponds more closely to real income than under either U.S. or Canadian laws.

A British corporation with net operating income equivalent to $100,000, desiring to retain all its income after payment of the income tax, is taxed $23,750. In the United States a domestic corporation having the same net income and likewise desiring to retain all income after payment of the federal income tax is taxed $31,500. The Canadian tax would be $15,000, in addition to provincial taxes and other levies unknown in Britain.

If the British corporation desires to retain $30,000, using the balance for dividends and taxes, it first would pay the full rate of income tax amounting to $23,750. Then before payment of dividends it would deduct 23.75 per cent thereof. This deduction would amount to $14,406 and would be retained by the corporation to reimburse it for taxes already paid on behalf of its shareholders. The net tax assumed by the corporation thus would be $9,344, or 9.34 per cent of its net operating income. The American corporation with the same net income and likewise retaining $30,000 would have to pay the federal government a tax of $18,440, or approximately 100 per cent more than the British tax. The Canadian corporation as we have seen would have to pay $15,000 plus provincial taxes.

Editorials in Brief

"**What do you** want for Christmas?" asks an ad. The average man asks only that he not be reminded of it so soon.

* * *

Mr. Aberhart must be wrong when he preaches that Bigness and Badness are synonymous. Latest reports have it that he weighs 260 pounds.

* * *

Alberta's premier has little use for credit, which no doubt explains why his public meetings are handled on a cash basis. Newspaper reports usually include the phrase, "A collection was taken up to defray expenses of the hall."

* * *

W. H. Wright, who put up the money to buy the Toronto Globe, admits that he never was much of a hand for reading the papers. And he told a Toronto Star reporter that he expected to spend more time, in the future as in the past, reading the Racing Form than reading the newspapers.

All sorts of persons own newspapers in a free Democracy.

* * *

It gives us delight when the Winnipeg Free Press quotes our views but that delight is mixed with chagrin when it speaks of us as "The Toronto Financial Post (Cons.)" We would be equally chagrined if the label were "(Lib.)."

Will the Free Press please restore us our non-partisanship by labelling us "The Financial Post (Ind.)?"

And it need not bother about the post-office address. The Post is printed in Toronto but edited in and for all Canada.

* * *

Roosevelt has made a last minute appeal for the support of businessmen. His wheedle apparently is that he was only fooling when he called them "economic royalists," "exploiters of labor" and "money changers in the temple."

There are still a few days before election. Probably he will yet tell industry and finance that he was sorry he had to chastise them throughout the depression but he did it for their own good. Suggested title for the address: "It hurt me more than it hurt you."

* * *

An interesting advertisement is being published by Imperial Tobacco Company in its splendid series designed to inform Canadians that the company feels a high sense of responsibility to its community.

This advertisement reproduces a great many smaller pieces of selling "copy" used by the company to merchandise its different brands. The advertisement makes it clear that the company's claim to a policy of sincerity in its advertising messages is no idle boast.

* * *

A great deal of the money made out of mines goes back into other mines. But the purchase of the Toronto Globe by two men who have apparently made quick fortunes in mines merely reflects the fact that the gold boom has made a large new crop of millionaires who will have many different ideas of what they will want to do with their money.

John E. Hammell has a yacht and some beautiful pictures; Tony Oklend has a large estate; Rupert Bain owns a racing stable and is M. F. H. of the Eglinton Hunt; J. Y. Murdock is in finance and industry; Harry Oakes built a high fence around his Niagara Falls home and has fled to England to protect his children from kidnappers.

In brief, mining men are not a class apart from their fellow men. The phrase "mining man" is used loosely nowadays to cover anybody from a speculator to a promoter, a broker, a prospector, a geologist or a developer. The tastes and ambitions of such men are as varied as those of any other group.

Sayings of the Week

"Germany can be happy only with solid closed fists."—*Adolf Hitler.*

* * *

"Our system of laissez faire economics has manifestly run amuck."—*Glenn Frank.*

* * *

"If war in Europe doesn't come within a year it will be providential."—*Lord Rothermere.*

* * *

"Whoever is elected, labor will get what labor is strong enough to take."—*Norman Thomas.*

* * *

"Capitalism has given the American worker the highest wages in all history."—*Colonel Frank Knox.*

* * *

"The depression is over now and I predict we are going to see wonderful times." — *August Heckscher.*

* * *

"I would be willing to spend $3 millions in B.C. if I could get it."—*Lawrence Killam, President, B.C. Pulp and Paper Co. Ltd.*

* * *

"The optimist is the worst enemy of society. The most reckless optimists are to be found in the lunatic asylum."—*Havelock Ellis.*

* * *

"Man is the living capital, money the dead; yet the dead is lord of the living."—*Sir Daniel Hamilton, former Calcutta businessman.*

* * *

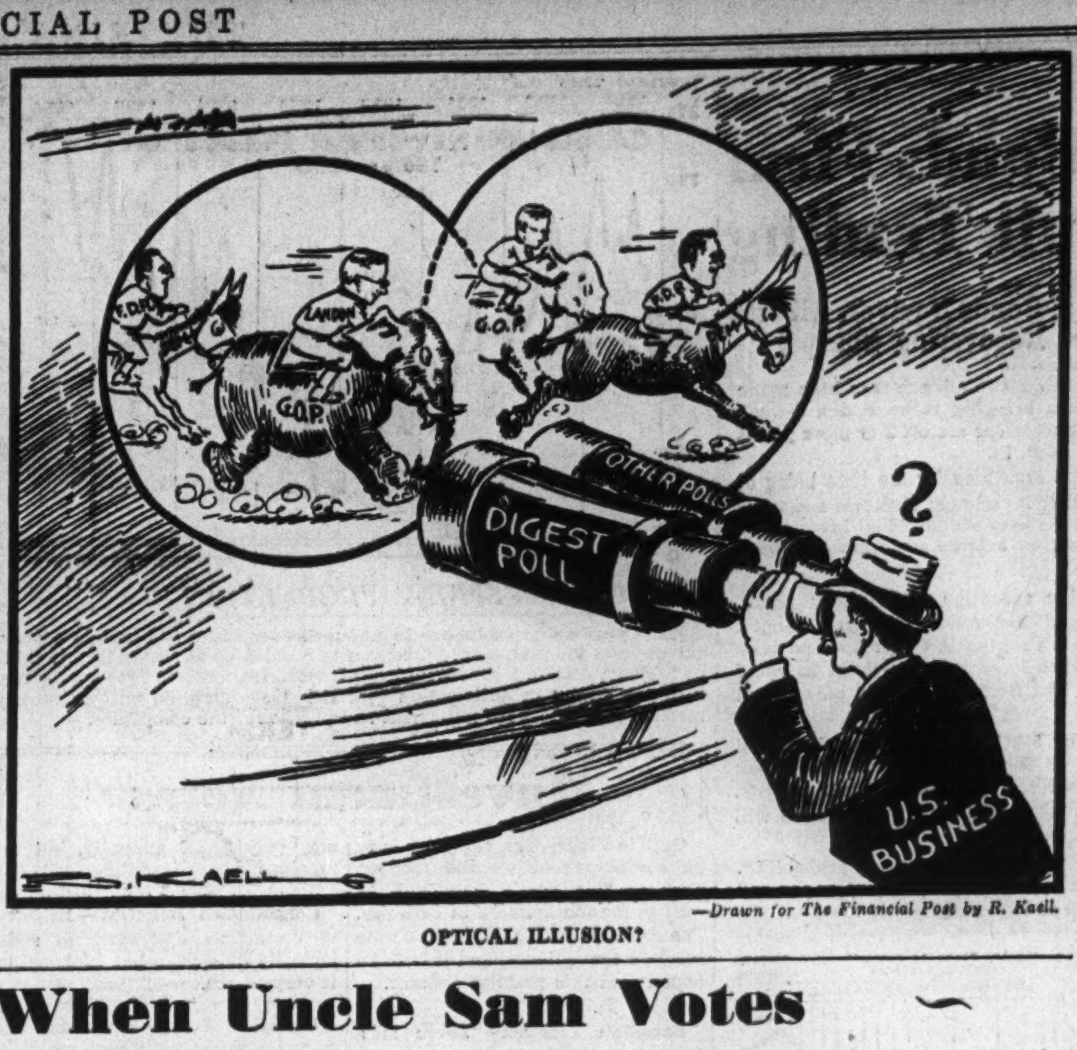
"Poison gas is a great peacemaker. Let us by all means continue to manufacture whole atmospheres of it."—*George Bernard Shaw.*

* * *

"I can tell you of a brilliant young chartered accountant, a graduate in commerce and finance, who is washing milk bottles for a living."—*Alice Harriet Parsons.*

* * *

"The great danger that arises when a business man enters politics is that, no matter how noble his motives at first, he is likely to lose his altruism."—*Henry Morgenthau.*



—*Drawn for The Financial Post by R. Kaell.*

OPTICAL ILLUSION?

When Uncle Sam Votes

From Our Own Correspondent

WASHINGTON, D.C. — Injection of the Coughlin-Townsend-Lemke party into the U. S. presidential election, November 3, makes pertinent a very little understood fact of the American electoral system; namely, that it is quite possible for a presidential candidate to have a substantial majority of the popular vote in the 48 states and still be defeated by the 531 electoral votes of the same states. It has happened, not once, but several times in American history.

Further, in a hard-fought election, the election probably might be thrown into the House of Representatives in Congress. For the winner of the presidential election must have a clear majority of the total state electoral votes. In such a case, the House uses a still different method of choice — each of the 48 states having but one vote regardless of how many members they have in the house. That too, has happened.

Little Change Since 1787

The method of choosing the chief of the nation by state electoral votes instead of country-wide vote, dates back to the enactment of the U. S. constitution in 1787. Though several times amended, the main mechanics of that system still persist.

Briefly, each state votes for a list of presidential "electors" who meet, ballot on the 3 leading candidates for president, forward the result to Congress which merely confirms that the winner must have a majority of all the electoral votes. Originally, state legislatures appointed these "electors," and it was intended that balloting by them for president should constitute a sort of second election, as far removed as possible from the mob of voters. But gradually the method of choosing these electors by popular vote spread until it now obtains in all the 48 states.

The system now is that either political party at conventions in each state nominate the list of state presidential electors, or they are chosen at the party primary elections to go on the ballots at the presidential election. The number of these presidential electors allotted to each state is fixed by the federal constitution as equal to the total of the state's Representatives and Senators combined. Thus, New York with 45 Representatives and 2 Senators has 47 electoral votes. Maryland with 6 Representatives and 2 Senators has 8 electoral votes, and so on for the whole list of 48 states.

Only Electors' Names Shown

The names of the presidential candidates do not appear at all on the ballots election day. Instead, the lists of the presidential electors appear on the state ballots under the headings of 'Republican," "Democratic," "Socialist" or "Union" or whatever number of parties are in the field. Incidentally, owing to numerous state laws aimed against third parties, it is an almost impossible task for a third party to get a list of electors on the ballots in all the 48 states. However, the voters mark their party choices of these lists of electors.

After the election—this year on November 3—the "electors" on the winning tickets meet in their respective states, cast their ballots for president, and forward them to Congress for confirmation. These meetings of "electors" have become pure formality; the balloting is merely the mechanical confirmation of the winning ticket.

In practice, even in a close presidential election in any one of the 48 states, the winning party almost without exception elects the whole ticket of its state presidential "electors," since the bulk of the voters vote a "straight" ticket, merely place a cross in the square at the head of the list of their own party "electors." In rare instances, as in the case of California in 1912, the tail ender "electors" on a winning ticket might possibly lose to their opponents. In California that year, the Republican-Progressives won 11 and the Democrats 2 out of the total of 13 California presidential electors. But that is the only case of its kind in decades.

Popular and Electoral Votes

Thus, the fact that the vote for president is cast by states for presidential "electors" at once creates a vital discrepancy between popular and electoral votes. Take again New York and Maryland, as examples. Suppose the Roosevelt ticket of electors in huge, populous New York won by a narrow majority, say of 50,000 votes, thus capturing the entire 47 New York electoral votes. And suppose the Landon ticket of electors in small Maryland won by a big majority — for that state—of 60,000 votes taking all of Maryland's 8 electoral votes. Combined, Landon would have a majority of 10,000 of the popular votes of the 2 states but Roosevelt would have a combined majority of 47 minus 8 or 39 electoral votes. And it is the electoral votes that count. The same principle applies to all the other states in the union.

For the further example of an election thrown into the House of Representatives, suppose that of the total of 531 electoral votes in the United States, Roosevelt gained 261; Landon, 259 and Lemke won only the 11 electoral votes of Minnesota. None of them would have a majority of the total, and the election would have to go into the House. And there it would be decided, not by a majority of the 435 members of the House, but by the members from each of the 48 states casting their votes as 1, that is, by a majority out of 48 votes.

Perhaps the most notable example of a candidate receiving the largest popular vote getting defeated by electoral votes was in 1876 when Samuel J. Tilden, Democrat, defeated Rutherford B. Hayes by a narrow popular majority of 252,224 votes, but a contest over 2 sets of electors from several southern states went into the House, was referred to an electoral commission, which recognized the electors favorable to Hayes and he was named president. Again, in 1888, Grover Cleveland, Democrat, won a narrow popular vote majority of 98,017 over Benjamin Harrison, Republican, but Harrison got 233 electoral votes of the states to Cleveland's 168 and Harrison was elected. That happened through just such a combination of various state majorities as instanced above for New York and Maryland.

The discrepancies between popular votes and electoral votes for president—remembering it is the electoral votes which count—are clearly shown in the figures of the last 2 American elections, as follows:

	Popular Vote	Electoral Vote
1928		
Herbert Hoover, Republican	21,392,100	444
Al. Smith, Democrat	15,016,443	87
Norman Thomas, Socialist	267,420	nil
1932		
Franklin Roosevelt, Democrat	22,821,857	472
Herbert Hoover, Republican	15,761,841	59
Norman Thomas, Socialist	884,781	nil

Eliminate "Lame Ducks"

One other interesting point arises in the coming election. Up to and including 1932, presidential elections are held in November of every fourth year but the newly elected president did not take office until March 4 of the following year. Congressmen, elected every 2 years, are required to meet at least once a year but not later than December 4. Under the old rule, this Congress might sit until the following mid-February, regardless of new members elected the previous November.

Thus, if a contest arose over the presidency, it might be decided by a Congress that had been sitting prior to the November election, many of whose members might have been defeated, in American political slang "lame ducks." In 1932 a constitutional amendment was adopted by all the states changing the time of meeting of the newly elected Congress to January 3, and the time of the president taking office from March 4 to January 20. Under this rule, a presidential contest will now be settled by the new Congress elected the previous November. In other words, a close contest between 2 presidential candidates, neither one getting a majority, may throw the whole American administration into the melting pot.

Dominion and Provinces

Regina Star

It is reported by The Financial Post that the Federal Minister of Finance, the Hon. C. A. Dunning, does not propose to allow the question of the financial relations between Ottawa and the Provincial Governments to remain in its present unsatisfactory condition. According to the Toronto paper Mr. Dunning is calling another conference of representatives of the nine provinces with the central authority to reconsider the question.

When the provinces killed the Loan Council scheme it was left hanging in its coffin between heaven and earth. If it is to be resurrected it is evident it will have to be by a different treatment. It will have to be given a transfusion of blood which will have to be the richer from the veins of the provincial gods. In other words, Mr. Dunning is hopeful of obtaining a voluntary plan in which his original idea of Federal supervision of provincial borrowing and spending may be incorporated.

The Financial Post says that "the Federal Government is still hopeful that by voluntary co-operation those provinces which are looking for ways of reducing their debt in an orthodox manner may obtain assistance from the Government.

The necessity for something of that kind has long been apparent. For instance there has been no uniformity in the manner in which the question of debt adjustment has been dealt with. Repudiation has jostled with voluntary action, and the latter has been generally acknowledged to be the better way. But it must have the assistance of Ottawa, and Mr. Dunning claims that the Federal Government should have some say in a matter in which the central authority is involved.

The previous interprovincial conference was made abortive by the reluctance of certain provinces to fall into line on the projected establishment of the Loan Council. They saw in it an infringement of their sovereign rights and the exclusive powers granted them under the British North America Act. To them it was a wedge driven into their monetary jurisdiction, though under that Act the provinces were expected to finance themselves without having recourse to the Federal Treasury.

If the provinces maintain that exclusive attitude at the next conference, it is likely to be no more successful than the former. This time, however, the effort will be made to reach a voluntary agreement.

As Others See Us . . . . . .

Worth Considering

Kingston Whig-Standard

Miss Charlotte Whitton, C.B.E., who is very well known in Kingston, has been discussing in The Financial Post the "Challenge of Land Settlement." Miss Whitton discusses the question with ability and foresight. She believes that the ineffectual struggle to wrest a living from our hinterlands has beaten down the character, physique and intelligence of the people situated on them. Miss Whitton suggests that, instead of trying to drag these people down still further by giving them relief, some effort should be made to place them on the good, yet abandoned (for one reason or another) farms of the more settled parts of Canada. It is a suggestion well worth considering.

The Old Straw of "Status"

St. Catharines Standard

The Financial Post, this week, adds to the discussion of the representation given Canada at Geneva by Prime Minister King. That paper generously says that a lot of what Mr. King had to say, the refusal of Canada, for instance, to accept automatic commitments will be accepted by the majority of the Canadian people as right and sound. What then, asks The Post is there to criticize in the speech of the Prime Minister? It goes on:

"Merely this, that Mr. King went all the way to Geneva to talk about something that is not an issue at all at this time . . . . It would have been a potent factor for peace in the world if Mr. King had emphasized the common purpose for peace of the British nations instead of threshing over the old straw of 'status'."

The point which has been emphasized in the editorial columns of The Standard for long past is so solidly stated in the last paragraph of the foregoing that it is worthy of emphasis again. The drive for peace by the United Kingdom can only be weakened when Empire units give the impression of their isolation, autonomy and right of secession to the rest of the world.

If we look back on history, that period just before the Great War, the lesson it learned. The German High Command viewing the trouble in Northern Ireland had the idea that Britain would be handcuffed at home, and Germany struck.

The most impressive moral lesson in the world is that of the British nations standing together in unity on the common front of Geneva. It has not been the case at this meeting of the League of Nations.

Genial Kingstonians

Kingston Whig-Standard

Among its "Sayings of the Week," The Financial Post quotes Dr. Hamilton Fyfe, principal of Aberdeen University, as saying, "No man is a villain when you know him." Many of us here in Kingston will wonder which one of us enabled the genial doctor to make that discovery.

In the Mail

(Not over 200 words, please)

Sanity and Confidence

Editor, The Financial Post:

As a long-time reader I have often wondered where direction and leadership would come from in Canadian affairs if your paper were not published weekly.

After this leadership has been given so plainly, why do the statesmen of Canada not profit more by it in putting the affairs of the provinces and the Dominion in a better condition? Until the Dominion and provinces balance their budgets and begin to pay off their mounting debts and interest charges, popular government can never be restored.

Surely our statesmen must fully realize this fact, as England did when she saw the only way out of her troubles four years ago, balanced her budget, and immediately began to make progress and re-establish confidence. With lack of confidence in our governments in Canada we cannot hope to put idle capital to work to take our people off relief.

It is no wonder that men like Prof. Leacock, and all our leading businessmen, have pointed out many times the sure danger of our annual $50 millions loss on the C.N.R.; to say nothing about another $25 millions of depreciation in buildings, trackage and rolling stock. It is to be hoped Prof. Leacock's advice will be taken seriously. Canada has a small population, but she is now top-heavy with debt, taxation and government. We should begin at once on a 5-year plan of economy and adjustment. If an honest effort is made, I am sure the results would soon create confidence and build for greater progress and development.

A. MACINTYRE BRUCE.
St. Thomas.

Jefferson Said It

Editor, The Financial Post:

Please permit me to correct an error in the "Sayings of the Week" column of The Financial Post of October 10, in which Senator Carter Glass is represented as the author of the statement that "error of opinion may be tolerated where reason is left free to combat it."

On March 4, 1801, in his inaugural address as President of the United States, Thomas Jefferson said:

"If there be any among us who would wish to dissolve this Union, or change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it."

B. FRANK DAKE,
Buffalo,
Oct. 12, 1936.

Other People's Views . . . . .

Radio Has a Lot to Learn!

The Toronto Daily Star

When you sit after dinner and suddenly a voice over the radio yells at you a question: "Do you ever wake up in the morning with a nasty taste in your mouth, a disagreeable taste?"—it never gets any farther. You reach out and shut off the horrid story. Thousands of people do the same thing. Everybody corks him up before he says what he aims to say.

Many a person with some knowledge of advertising wonders at the slowness of those who advertise over the radio, at their failure to know that this is what nearly everybody does. Do they never listen to their own unwelcome noises?

There are salesmen who know salesmanship, but nobody uses them over the radio. The men who profess to sell over the radio have either bullying voices or wheedling voices, sweet as honey—men that none of us would listen to if they came into our offices. They could never get past the stenographer.

Anybody who has anything to sell that is worth selling should employ as an announcer a salesman who knows the value of what he is selling. He is trying to sell a good thing and he can imagine listeners who will want this good thing. But the way it is, a fellow yawps about it, or he talks like sugar and molasses, and everybody who hears him knows that he would say the same stuff about any other pill or lotion that got on his list. The insincerity of it ruins it.

When, if ever, is the radio going to learn its business? In 10 years it has learned little, if anything, about radio advertising. People still twist the button and turn it off as soon as it begins.

Publications to Taboo

St. Thomas Times-Journal

Americans who visit Canada occasionally note with surprise the array of garish magazines of American production on our news stands and regret that they cannot escape that plague on visiting Canada; they prefer this country to be and remain different. The policies of successive Dominion Governments toward such publications have varied. Former Premier Bennett legislated to restrict severely influx of such literature into Canada, but while to an extent the restriction was effective, it broke down in the case of certain ones that found the Canadian market worth cultivating by having their magazines printed in Canada. This device both gave employment to our printing establishments and served to give a Canadian flavor to what is very un-Canadian. Then the Mackenzie King Government followed and let down the bars entirely, accounting for the current flood of lurid and sometimes lascivious stuff that degrades our news counters everywhere and vitiates young minds who are seduced into reading it. If anything they are more pernicious than the dime Western novels of a former generation which dealt in fights with Indians, with blood and scalps galore, because the later morals are coarser and the writers more subtle.

Stop Me If You've Heard This One . .

The aged porter of the meteorological office was about to retire and was given a farewell party.

"Unfortunately," said the president, "we must part, but with your departure the institute loses its reputation for the most reliable weather forecasts in the world. Your sensitive corn is an absolutely irreparable loss to science."

Week in Business

Buoyancy of Business Suggests New Habits

Purchasing Power Seems To Be Going More Rapidly Into Circulation — Sales Tax and Foreign Trade Show Gains

The persistent improvement of Canadian business continues to hearten and amaze those who keep a close hand on the business pulse. They point out that business is still very "spotty"; that recovery is still by no means evenly distributed either by occupations or by geography, but that in spite of drought and other set-backs, the records show steady improvement into new high ground.

The Financial Post index of physical volume, for example which moved into new high ground this month has gone steadily forward for the past 6 months and is now 66% higher than in March of this year, and 8% above September, 1935.

* * * *

Money Changes Hands Quickly

One theory is that improvement in buying power has uncovered a change in people's habits; that the uncertainty as to the future value of money and the low rates of interest on deposits have curbed normal habits of thrift and saving with the result that money is being spent almost as quickly as it is earned and not saved for the rainy day.

Alongside this is the pent-up demand for all manner of consumer and durable goods. Most people have done without things for so long due to hard times that it is only natural to spend money when it does become available. Just which of these 2 influences is the more important is hard to measure—probably both are playing their part in speeding up the tempo of business.

* * * *

Sales Tax Receipts Soar

Evidence of this accelerated demand is seen in the sharp gain in sales tax returns during the first 6 months of the present fiscal year as shown in a special article elsewhere in this issue. When Mr. Dunning raised the income tax by one-third (from 6 to 8%) in May of this year, and also made some important exemptions (as for example, withdrawing the tax on consumable materials) he estimated he would get only a very slightly better dollar return from the 8% tax than had been received the previous year from a 6% impost. His 1937 estimate was $80 millions against $77 millions collected in 1936.

To the amazement and delight of federal officials the 6 months returns show an increase of 34% in sales tax returns, there having been collected to date over $49 millions from this one source.

* * * *

Foreign Trade Active

And not only does domestic trade continue buoyant but foreign trade returns continue at high levels. September exports were 13.7% ahead of corresponding figures last year while imports were up more than 18%. Cumulative figures for the first 9 months of the year show exports up 21% and imports higher by 12%.

Analysis of the September figures shows that of a $10.8 millions gain in exports, about $6 millions was due to wheat; $2.5 millions to newsprint and about $1 million to meats and timber respectively. Combined exports of nickel and copper were higher by $600,000.

Favorable

Carloadings continue at a high level despite the sharp decline in grain loadings. Nearly all other groups showed substantial increases for the week ending Oct. 10 with movement of coal and miscellaneous merchandise being particularly strong. Gross earnings of both railroads for the week of Oct. 14 were lower than in the same week last year.

Building permits showed a small gain over this time last year.

Statistics from sugar refineries show sharp increases over the same 4-week period last year.

Foreign trade showed important gains as outlined above.

Business Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

WEEKLY DATA	Latest 1936	Latest 1935	Cumulative Total—Jan. 1 to date 1936	Cumulative Total—Jan. 1 to date 1935
Transportation—				
Car loadings (Oct. 10)	▲60,219	58,571	1,909,519	1,833,683
C.N.R. gross earn. (Oct. 14)	$ ▲3,946,415	$ 4,129,006	$ 142,737,727	$ 133,200,739
C.P.R. gross earn. (Oct. 14)	$ ▲3,202,000	$ 3,397,000	$ 106,331,000	$ 97,748,000
Business Conditions—				
Weekly index D.B.S. (Oct. 10)	▲115.2	94.9	......	......
MONTHLY DATA	1936	1935	1936	1935
Business Conditions				
Financial Post index (Aug.)	122.6	104.2	......	......
Transportation—				
C.P.R. net revenue (Aug.)	$ 634,484	$ 508,339	$ 8,404,584	$ 8,096,540
C.N.R. net revenue (Aug.)	$ 680,581	$ 569,672	$ 3,242,824	$ 3,843,331
Iron and Steel (August)—				
Pig iron production (tons)	38,570	54,414	413,893	364,704
Steel ingots and castings prod. (tons)	80,164	82,488	727,657	556,752
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Aug.)	4,407	3,950	72,686	67,251
Factory output (Aug.)	3,051	5,324	97,607	105,385
Trucks and Buses:				
Domestic sales* (Aug.)	1,487	1,415	16,289	13,644
Factory output (Aug.)	1,609	2,168	23,476	26,701
Exports (Aug.)	2,748	5,005	36,828	48,077
Construction—				
Building permits (Sept.)	$ ▲3,644,560	$ 3,331,915	$ 29,433,327	$ 36,680,796
Contracts awarded (Sept.)	$ 16,558,500	$ 14,743,100	$ 127,671,600	$ 132,724,200
Newsprint (tons)—				
Production (Sept.)	▲269,782	223,892	2,303,725	1,978,614
Exports, tons (Sept.)	▲278,268	208,911	2,130,286	1,812,786
Sugar (lb.)—				
Melting & sales‡ (raw)	▲101,763,672	73,677,075	682,558,745	629,971,194
Manufactured‡	▲101,692,741	74,056,391	661,109,373	624,681,003
Flour (bbls.)—				
Production (July)	1,300,667	991,559	7,828,026	6,134,106
Wheat flour exports (Sept.)	378,318	395,640	3,502,123	3,410,379
Trade—				
Retail trade (index no. of sales) (August)	75.1	69.6	......	......
Imports (September)	$ ▲52,879,429	$ 44,689,463	$ 450,762,830	$ 403,036,316
Exports (September)	$ ▲89,562,398	$ 78,845,842	$ 692,626,389	$ 572,090,421
Wheat exports (bush.) (Sept.)	20,720,316	17,272,672	162,377,678	93,134,112
Employment, D.B.S. Index (Sept. 1)—				
All industries	107.1	102.7	......	......
Manufacturing	105.9	100.8	......	......
Electric Power Output (Aug.)—				
Total monthly m.k.h. (000's omitted)	2,020,100	1,851,153	16,481,034	15,022,791
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (September)	▲160,586	112,413	1,137,508	968,046
Boot & shoe prod., pr. (Aug.)	2,002,895	2,153,955	14,711,557	14,546,387
Crude petrol. imp. gal. (Aug.)	146,313,749	126,729,590	745,098,829	721,008,757
Cotton imports, lb. (Aug.)	7,096,721	7,027,396	82,533,491	76,992,046
Raw rubber imp., lb. (Aug.)	8,466,684	6,303,645	38,172,733	39,196,312
Coal imports, tons (Aug.)	1,558,179	1,523,828	8,003,914	8,097,966
Finance—				
Bank debits (Aug.)†	$ 2,619,152	$ 2,497,602	$ 22,759,663	$ 20,258,840
Bond sales (Sept.)	$ 176,935,250	$ 194,626,102	$1,009,845,746	$ 651,566,437
Life insurance sales (Aug.)	$ 25,011,000	$ 26,854,000	$ 245,344,000	$ 240,564,000
Automobile Financing (Aug.)—				
Used cars	$ 2,089,889	$ 1,712,378	$ 18,295,965	$ 13,294,463
New cars	$ 2,203,440	$ 1,692,405	$ 22,659,029	$ 17,356,934

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. ‡For 4 weeks to October 3.

Carpenters in N. S. Have New Wage Law

A new minimum wage law for members of the carpenters trade in Halifax and Dartmouth, N.S., setting a minimum rate of 60 cents per hour and a minimum working week of 44 hours has been established by the Nova Scotia Government.

Establishment of a minimum wage law governing the rate and hours of labor in the bricklaying trade in Halifax and Dartmouth, N.S., also was announced in the same issue of the Royal Gazette. The minimum wage is set at 97½ cents per hour. Eight hours constitute a maximum working day or shift and 44 hours a maximum working week.

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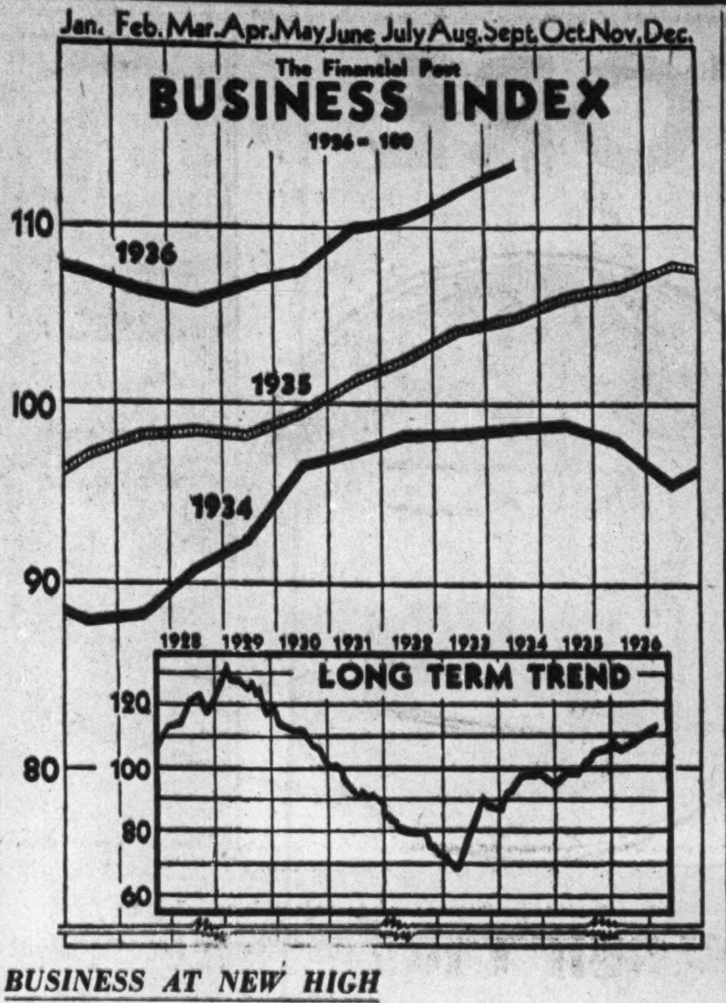

BUSINESS AT NEW HIGH

The advance in Canadian productive operations as measured by The Financial Post business index continued in September. The increase was more than one point following the considerable advance of the preceding 5 months.

Mineral production as measured by exports of base metals and shipments of precious metals was less active than in August. Manufacturing registered a further advance, marked gains being shown in the manufacture of foodstuffs, in forestry and the primary iron and steel industry. The textile industry imported raw materials in considerably greater volume.

New business obtained by the construction industry showed a gain. While the railway freight movement did not come up to seasonal expectations, the external trade, especially imports, was a bright feature of the month.

Major Canadian Economic Factors

	September, 1936	September, 1935	August, 1936	Inc. or Dec. September, 1936-1935
The Financial Post business index	113.4	105.0	112.1	+8.0
Wholesale prices	76.4	72.4	76.2	+5.5
Common stock prices	119.5	93.6	114.7	+27.7
Shares traded, Montreal. No.	705,396	273,796	406,257	+157.6
Inverted index of Dom. bond yields	156.5	125.3	156.2	+25.5
Bank deposits (preceding month)	113.5	105.9	112.3	+7.2
Bank debits $	3,133,564,540	2,425,895,064	2,619,152,500	+29.2
Mineral Production:				
Copper exports cwt.	326,501	339,244	393,086	—3.8
Nickel exports cwt.	159,485	142,652	118,526	+11.8
Zinc exports cwt.	299,090	194,770	496,182	+53.6
Gold shipments fine oz.	316,904	282,292	317,931	+12.3
Silver shipments fine oz.	1,196,301	1,185,540	2,032,844	+0.9
Bauxite imports cwt.	558,061	264,093	627,166	+111.3
Manufacturing production:				
Sugar manufactured lb.	78,496,030	71,183,208	93,841,054	+10.3
Cattle slaughterings No.	145,236	118,320	129,147	+22.7
Raw cotton imports lb.	9,262,674	5,856,786	7,096,721	+58.2
Cotton yarn imports lb.	316,014	384,567	363,321	—17.8
Newsprint production tons	269,782	223,892	270,053	+20.5
Wood pulp exports cwt.	1,423,566	1,112,670	1,406,424	+27.9
Steel ingot production tons	86,077	90,952	80,164	—5.4
Pig iron production tons	51,892	54,360	38,570	—4.5
Automobile production No.	4,655	5,323	4,660	—12.5
Petroleum imports gal.	134,046,094	127,017,748	146,313,749	+5.5
Crude rubber imports lb.	5,361,220	3,593,662	8,446,684	+49.2
Exports of planks and boards, ft.	160,586,000	112,413,000	168,440,000	+42.9
Construction: Contracts awarded, $	16,558,500	14,743,100	15,536,100	+12.3
Building permits $	3,644,560	3,331,915	3,672,845	+9.4
Carloadings No.	251,304	220,584	222,019	+13.9

Business Makes New High Mark In September

Many New High Marks For Post-Depression Period

POST INDEX AT 113.4

A further gain was shown in business operations in Canada in September following the steady advance from March to August. The Financial Post index, expressed as a percentage of 1926 equalling 100, advanced to 113.4 against 112.1 in the preceding month.

While the gain was not large the index in September reached a new high point on the recovery. Its present position is higher than at any time since the early months of 1930. Not only that, but when allowance is made for the normal upturn increase in population and long-term growth, it is found that for the past 6 months the level of business operations is well ahead of the "normal" trend line.

Financial Factor Strong

The high-grade bond market has been specially strong during the last 12 months and Dominion bond prices have recently been at the highest point in history. Bank debits have shown an irregular advance since the summer of 1924 and recently reached a new high point since 1929.

Wholesale prices have broken away from the stalemate extending from the beginning of 1924 to June of this year. Part of the recent advance was due to crop shortages, but the gap between farm prices and industrial products has been greatly narrowed by the developments of the last 3 months.

Nickel Exports Soar

The factors indicating the trend of mineral production showed on the average a decline from the high level of the preceding month. A bright spot, however, was the gain in the exports of nickel in different forms. The outward movement was greater than in any other September in history. The seasonally adjusted index advanced from 185.6 to 270.7.

Exports of copper were also high in September, but a decline was shown from the preceding month. The exports of zinc, mainly to the British market, was greater than in any other September in history. A considerable drop, however, was shown from the high level of the preceding month.

Shipments of gold from Canadian mines were greater than in any other September but a contra-seasonal recession was shown from the preceding month.

Manufacturing Gains

While the statistics of manufacturing production are still incomplete, a considerable gain is indicated over the preceding month after seasonal adjustment. Some rebound was shown by the primary iron and steel industry after the temporary recession of the summer.

The forestry group continued active. Another gain was also recorded in the production of food stuffs. The increase in the imports of raw materials by the textile industry indicates preparations for accelerated operations.

Foodstuffs Active

The index of flour production advanced from 104.7 to 111.2. Marked gain was also shown in the output of rolled oats and oatmeal. The index of the manufacture of sugar advanced from 86.0 to 94.6, the increase in the index being due to seasonal adjustment.

The meat packing industry was even more active in September, the index of livestock slaughterings advancing from 144.3 to 157.8 greater than any month in the post-war period. A marked gain was shown in hog slaughterings, while cattle and sheep slaughterings gained less than normal for the season.

Decline was shown in exports of cheese and canned salmon.

The index of the imports of textiles for further manufacture advanced from 87.6 to 134.1. The imports of raw cotton, raw wool and wool yarn for further manufacture were greater than in any other September for the last 17 years with one exception.

Iron and Steel Plants Busy

Iron and steel plants were more active in September' gains being shown in the output of steel ingots and pig iron. The gain in the latter was from 38,570 long tons to 51,882.

The inactivity of the automobile industry continued in the month under review, the output being restricted to 4,655 cars. The early resumption of operations is indicated upon the introduction of the 1937 models.

Imports Rise

The construction industry was more successful in obtaining new business during September. A slight gain was also shown in building permits.

The gain in car loadings was less than normal for the season, the index receding from 81.2 to 79.3.

External trade was again in the limelight. Imports showed a considerable contra-seasonal gain, the index moving up from 76.7 to 86.9. While exports did not equal the high level of August, the index receded from 122.9 to 118.8. Gains were shown over the same month from 1933 to 1935 for which comparable statistics are available.

Background of Business

Big Increase Reported In 1936 Paint Sales

Gains as High as 70 Per Cent Reported in Volume Sales — Vancouver Feels Happy—Woodsmen Expect Good Season

A very material increase has been recorded this year in the sale of prepared paints and varnishes, according to a survey just completed by Hardware and Metal.

Increases in gallonage sold amounted to as much as 70% over volume for the previous 12-month period (ending August 31) in certain products. For instance, one manufacturer reports the gallonage increase in first quality house paint sales to be 70%, representing a 40% increase in dollars and cents. Several reasons are attributed for this remarkable increase in volume, including the reduced price at which house paint sold during the first 6 months of 1936. This accounts for the larger increase in gallonage than in dollar value of sales. Generally better conditions across Canada also have had an influence in promoting the demand for paints, particularly first quality products.

* * *

Vancouver Pleased

Vancouver enters the fall season with business definitely on the upgrade according to a special survey undertaken recently by Vancouver Sun. Nearly every line of activity is reported ahead of last year with special stress being laid on the fact that homes built in Vancouver in the first 8 months of the year are nearly double last year, 641; that 3,200 new automobiles will be sold in Vancouver this year; last year's total 2,672.

Vancouver's total payroll now amounts to $49 millions.

* * *

Woodsmen Confident

Reports to Canada Lumberman show leading Eastern Canada producers are planning larger operations in the woods this year. Some firms have not yet decided upon the degree of their woods activities for 1936-37 but all lumbermen, manufacturing, wholesale or retail, report the first 8 months of 1936 to show a gain over the record of 1935 with the outlook getting increasingly brighter.

Operators are agreed that production costs will be higher this season estimates ranging from 5 to 30%.

* * *

Book Fair

Canada is to have a Book Fair the week of Nov. 9 at Toronto. Sponsored by Association of Canadian Bookmen, the fair is described as a "10-ring literary circus" whose primary aim is to "increase the knowledge of good literature in Canada and provide individual readers and reading groups with the best and latest material available in the realm of good literature."

Libraries, museums, private collectors and publishers will contribute features along the lines of similar exhibitions which have been held with considerable success in England for some years past.

* * *

Fish Catch Pleases

Halibut landings on the B. C. coast have been favorable this year, the Canadian total being over 5 million pounds compared with 4.6 million pounds a year ago. The American landings have been considerably smaller than corresponding figures a year ago. Prices paid to fishermen have been maintained at a satisfactory level and shipments to eastern ports satisfactory.

The salmon pack as at the end of September showed a production of 1.5 million cases compared with 1.3 million cases at the same date last year.

* * *

Ontario's Retail Sales

Retail sales in Ontario during 1935 were more than $848 millions, an increase of 4% over 1934, and 15% higher than 1933 when the lowest point of the depression was reached, but was still 23% below 1930. For the second consecutive year, motor vehicle dealers reported the greatest annual increase in business, the aggregate sales amounting to $102.5 millions, an increase of 17% over 1934.

The furniture and household group was second in percentage increase, the sales amounting to $13 millions, an increase of 12% over 1934. Hardware store sales were $20.7 millions, an increase of 4%. Substantial gains were also recorded in the apparel group, while food store sales were practically unchanged at $131.9 millions. Country general stores and department stores recorded gains of less than 1% over 1934.

* * *

Rail Haul Gains

It is reported that B. C. is now shipping far more lumber to Eastern Canada by rail than by water. Some years ago the Panama Canal accounted for about 60 million ft. annually, but last year only 18 million ft. passed through the canal, while the railroads handled 135 million ft. This reversal is due to the new policy of the railroads in increasing the haul-back rate on shipments from eastern ports.

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At the huge Algoma mills in Sault Ste. Marie, Jack designs and combines the many sets of rolls through which steel must pass to be made into countless shapes used industrially every day. Each different shape and section and each size requires a complete set of rolls combined in such a way that as few as possible will be needed to produce flawlessly rolled steel.

Jack is one of the 2200 "Men of Algoma" who have steel in their veins—one of the group of perfectly trained specialists who produce steel that for 35 years has been known throughout Canada as a high quality, dependable steel. A lifetime of skill and science has gone into the Algoma steel used so widely for automobiles, buildings, bridges, docks, rails and rail fastenings, railroad cars and locomotives, ship frames, mining equipment, machinery and many other utilities.

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● *Algoma steel sheet piling was used in the construction of the Victoria Park pumping station, Toronto. Jack Singer has recently designed for Algoma Steel a new and heavier piling (Type "C") to round out its range of sheet piling sections.*

ALGOMA STEEL

THE MODERN STORE

As the Gateway to Modern Living, the Modern Store must provide a Modern Setting for the display and sale of Today's Merchandise

ON EVERY working day of the week Canadians exchange something like seven millions of dollars in return for things they want to use, wear, eat or enjoy. There is no phenomenon of present-day business more striking than this ceaseless stream of purchases taking place at every minute of the day and in the remotest parts of the Dominion.

To handle this never-failing stream of goods; to meet the needs of schoolboy, housewife or businessman, there are in Canada some 125,000 stores of all types and description. There are corner groceries serving the staple needs of a few hundred neighbors in adjacent blocks. There are the modern chain and specialty shops catering to special needs and selling merchandise in their own peculiar way. There are mammoth, nation-wide units selling as much as $100,000 of merchandise each day in a single store and there are the tens of thousands of "regular" stores— the backbone of every community and the accepted centre of thought and fashion whether it be in clothes, in furniture or in automobiles.

* * *

Community Leadership

AND when you stop to think of it, nothing reflects more quickly and more directly the spirit of the community than do its stores. Not only do they reflect that spirit, but if they are fulfilling their proper function they provide leadership in the display and sale of merchandise and services. For a store must be a supporter of the modern trend in all its merchandise.

Not only that, but a store must be a force in the community educating the public to appreciate, and to have enthusiasm for the modern in house furnishings, in clothing and in all the scores of goods and services which it has for sale. A store's life depends on its customers wanting new merchandise, whether to replace articles that have worn out or to meet the impelling demand, so inherent in human nature, for new and up-to-the-minute merchandise.

And if a store is to support the modern trend in merchandise and is to be a force in the community for modern things, it must have a modern setting in which to display and sell this merchandise. It must use the modern materials, modern colors, modern lighting and modern equipment. Must take advantage of the vital, far-reaching improvements that have been made in these fields in the past few years.

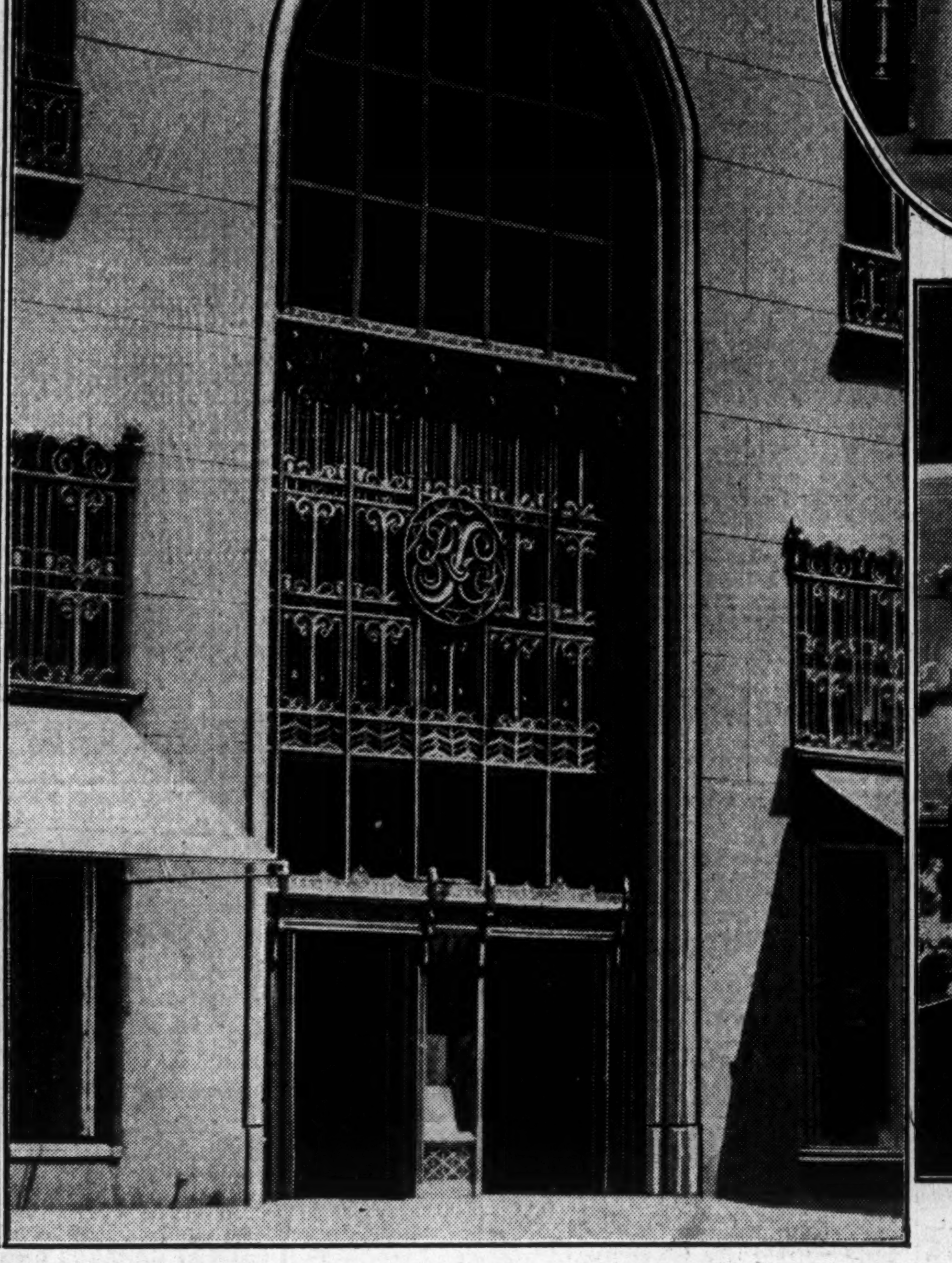
* * *

Modernism is Genuine

ONE important fact about this modern theme is its genuineness. Thus the modern store is more genuine in its materials, its lighting, its furnishings, than have been its predecessors since the days of the old hand craftsmen. This can be illustrated by a simple thing like woodwork. For many decades woodwork has been used in panels and shapes, decorated with beading, fluted edges and so forth. These frills were not only traditional but essential because it was impossible to procure wood in very wide pieces and, furthermore, wood had a habit of shrinking or expanding depending upon conditions of heat and moisture.

Thus it was necessary for designers and artisans to use the panelling device to cover up these deficiencies. Whenever they came to the edge of a piece of wood they covered up the join by an overlay or beading of some sort. Similarly they made a virtue of necessity by building their wood trim in panels to cover up the shrinkage and expansion which they knew would occur.

Today, with the introduction of new materials the need for such treatment has disappeared and walls, showcases, shelves, or desks can be left sheer and streamlined with no recourse to old-fashioned decorative devices—all because modern metals, modern insulating board, modern plastics and structural glass are available in sensible shapes and forms with their smooth or glistening surfaces.



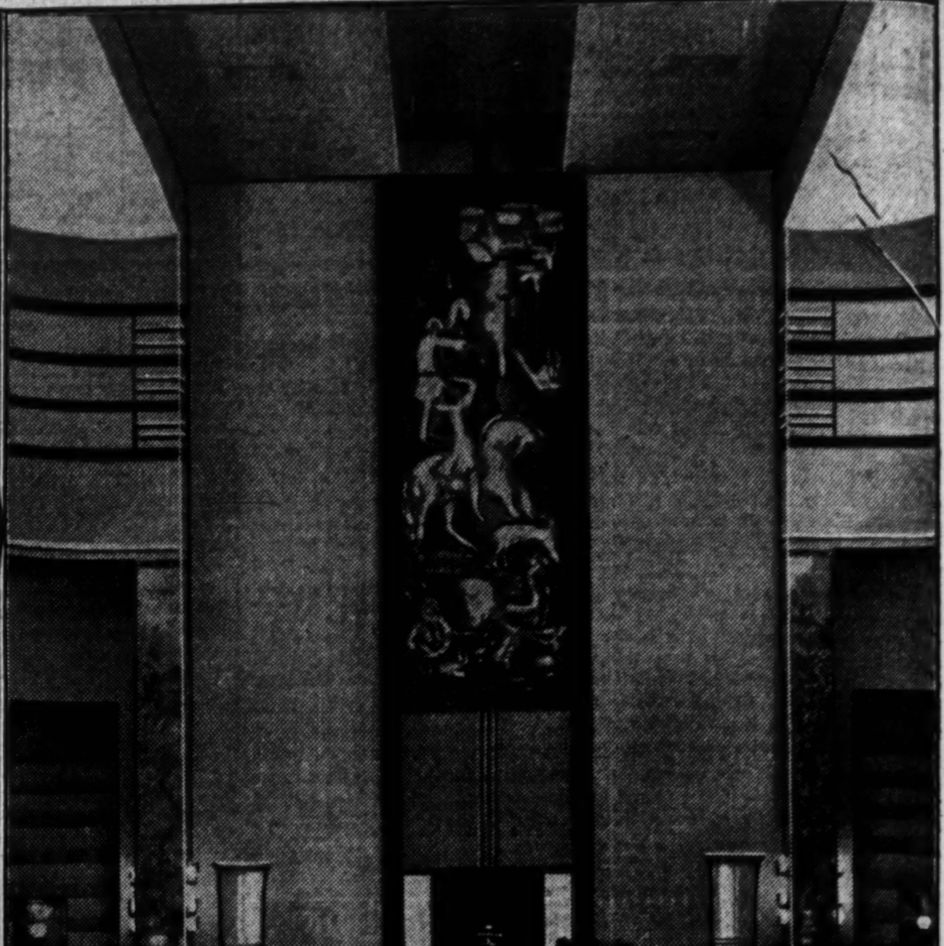
THE MODERN STORE, be it large or small, is the focal point in its community for the display and sale of new merchandise. It is the dominant force toward educating the public to appreciate and have enthusiasm for modern things whether they be luxuries or the common essentials of everyday life.

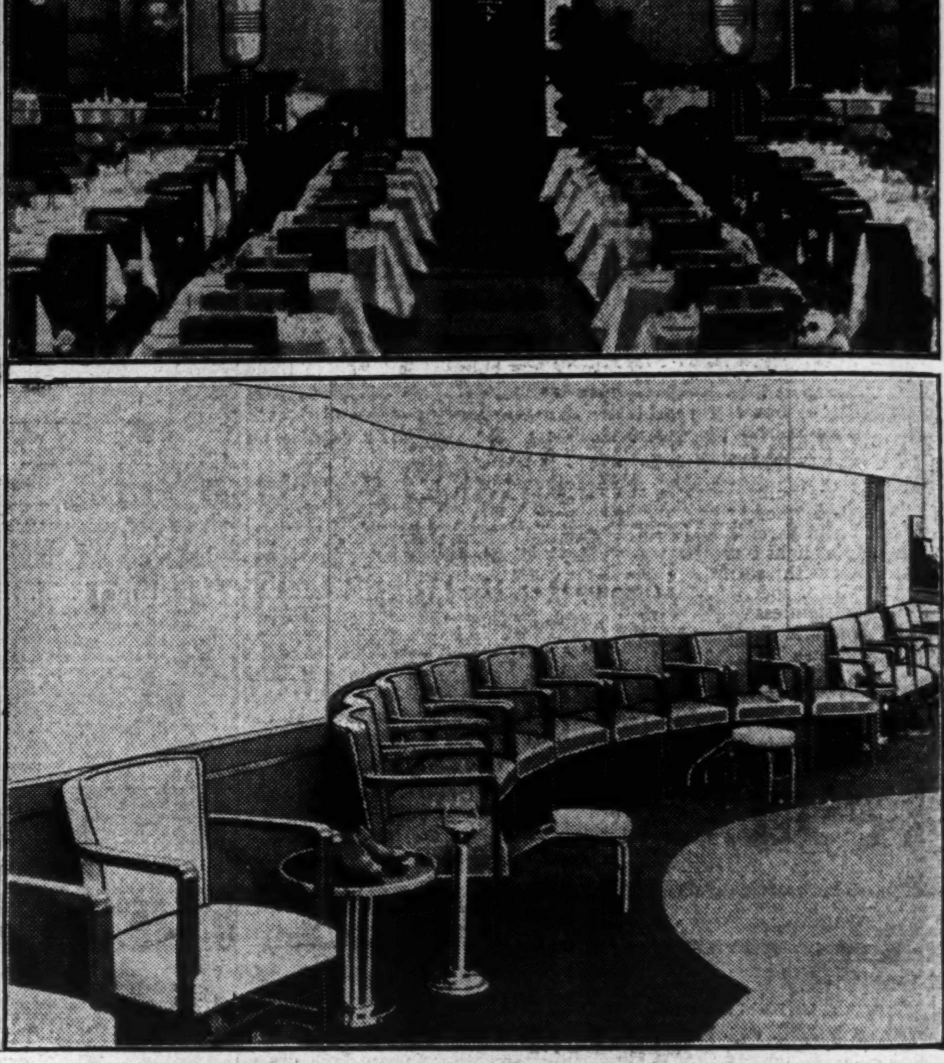
To achieve this leadership the modern store must have a modern setting in which to merchandise its goods—it must take advantage of the new trends in design, of the new materials and new equipment which make the transaction of business a fascinating and profitable adventure.

MODERN EQUIPMENT is essential if the modern store is to enlarge its clientèle and increase sales and profits.

In the top circle is a modern lighting and air-conditioning installation made recently by The T. Eaton Co. in its Queen Street store, Toronto, that was built thirty or forty years ago. As a result, both sales and sales efficiency have been increased.

Then too there is the matter of servicing and recording these sales. For this important task modern mechanical equipment provides the open sesame to efficient, controlled sales, transacted at many times the tempo possible by obsolete methods.





NEW STORES FOR OLD is an accomplishment that can be achieved with amazing ease and at very low cost in these days of modern materials and design.

At top, is the clear-cut dignity which comes to the modern dining-room of The T. Eaton Co. in its Montreal store by proper use of new metals and materials executed in the bold yet simple forms of modern-day architecture.

Below is seen the transformation that came to the recently-opened shoe store of Robert Simpson Co. at Toronto when modern methods and materials were brought into play. Gone are the unsightly shelves and ladders with their rows of boxes. Gone too are the old-fashioned lighting fixtures that collected dust and shed uneven glare on customers and merchandise. In its place are concealed lighting units, specially-constructed stock shelves which not only speed up service but leave customers more room to shop and purchase in comfort and freedom.

Rebirth of Lighting

SIMILARLY with lighting. In the old days a lighting fixture was designed by the craftsman and the artist as a thing of individual beauty. As often as not, the lighting qualities of the fixture were of secondary consideration because faggots, candles and the like, gave only so much light in any event, and it was not fashionable to have stores and rooms flooded with light—in fact quite the reverse.

Despite the hangover of this ornamental tradition, modern science and invention plus modern materials are quickly sweeping away these obsolete ideas and in their place appear lighting fixtures whose dominant theme is to give the maximum amount of light in the most natural and restful manner.

Thus new stores and those that have been modernized of late are almost unanimous in eliminating entirely the visible lighting fixture and replacing it with a hidden receptacle which diffuses pure, even light to all parts of the room or building. Where fixtures are used they are built on clean, simple lines consistent with the inherent beauty and nature of the materials of which they are constructed.

* * *

Other Virtues

EQUALLY important, of course, is the flexibility of the modern store and the ease and cheapness with which it can be maintained or changed, as the case may be. Wherever possible, fixtures and furnishings are being built not of expensive cumbersome materials, but of light, flexible materials, which can be readily changed here and there — can be repainted overnight if necessary. Where more permanent materials are called for, the modern store uses non-plated metals such as monel metal, bronze, stainless steel, black glass or plastics—materials which require little or no expenditure for cleaning and upkeep and which express the modern feeling for clean, simple lines and colors.

Of importance, too, is the fact that more money is going into the materials themselves and less into expensive, old-fashioned decoration. In the old days individual craftsmen took pride in carving or embossing the materials with which they worked. Today, a machine age is making a virtue of the clean simplicity of the metals or materials themselves without resort to decorative effects which for the most part would be machine-made imitations of the old personal craftsmanship.

* * *

For the Customer

AND, of course, customer comfort plays a dominating rôle in this modernization picture. In the old days hot, sticky weather invariably put a crimp in the day's sales. Now, the modern store has not only solved this problem but has actually proved it is possible to increase patronage because customers prefer being inside a cool "conditioned" store to being on hot, humid pavements. At the same time, sales efficiency has been sharply improved not only because sales people do more work in a cool healthy atmosphere but also because absence due to colds and other respiratory diseases is reduced.

Another vital aid to customer comfort is the use of special acoustically-treated materials which deaden noise and permit shoppers to do their business in a quiet, restful atmosphere. Insulating material in addition to increasing customer comfort and reducing heating costs also has an interesting application along the same lines. Thus one department store found modern insulating material invaluable to deaden sounds between their radio and beauty salon departments which happen to adjoin. They made a similar application to prevent stocks of merchandise being harmed by the heat from lighting fixtures.

* * *

Check on Profits

AND IF a store has modern merchandise, in a modern setting it must have modern methods of selling, of servicing and recording its business. The modern cash register, for example, has made possible an almost five-fold increase in sales efficiency of benefit both to the customer and to the merchant. Not only does this device in its modern form permit an accurate, automatic check on every sale but it furnishes the customer with a receipt, and the merchant, simultaneously, with an accurate record of each transaction itemized for each department and clerk. At the end of the day, books can be balanced within 10 per cent of the time necessary by old-fashioned methods.

Similarly the merchant's need for fast, accurate accounting methods to aid him in his daily quest for profits, is met by scores of modern machines to do all clerical operations such as bookkeeping, addressing and preparation of statements, billing, etc. Modern methods also aid materially in giving quick service to charge and deposit account customers.

Not only does the modern machine keep exact records from day to day for each sales person, and for each department but it permits also the essential planning which must be done by the modern store in formulating and maintaining budgets of estimated sales, of estimated expenses, of proposed purchases of merchandise. For in the modern store expense is definitely geared to sales. Merchandise must be sold at a definite mark-up; it must be turned over so many times a year. Stocks must not exceed a certain figure if operations are to be satisfactory and profitable. It has been estimated, for example, that there are no less than 28 individual store records which every merchant needs, but which, without modern machinery are difficult if not impossible to maintain.

* * *

The Merchandise Gateway

THUS the modern store becomes the gateway to modern living. Not only do its windows and its shelves reflect the progress and achievements of modern science and industry; they lead (or should lead) the community in its fashions, its foibles and its fancies. In some communities the modern store through its special services has actually become the social and community centre for its neighborhood as well as the market-place for ideas and merchandise.

It has been estimated that hundreds of millions of dollars must be spent in Canada during the next few years to modernize our homes, our furnishings—in short, most of our material possessions. The modern store should lead this forward movement if by its own example it can point the way to a better appreciation and understanding of the benefits and virtues of modern things, modern materials, modern methods. Thus, not only must the modern store lead in displaying the newest, most modern merchandise, but it must practise what it preaches in providing a modern setting in which to display and sell this merchandise.

Very shortly some $50 millions will be available on easy terms and at a low rate of interest for modernization purposes. Through the aid of the federal government merchants will be able to finance on a monthly basis needed improvements and repairs. Thus there will open with extraordinary ease an opportunity to take advantage of the myriad new and fascinating things that have revolutionized the modern store particularly in the last few years. For essentially, modernization in merchandising is the very essence of good and profitable business.

Modernization is a major factor in the forward march of Canadian business. The following firms and institutions have made possible this constructive series of articles to indicate in practical fashion the amazing opportunities for good business that lie in a programme of rehabilitation for Canada:

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Radio — Transport — Survey
Air bases throughout Canada

CANADIAN INGERSOLL-RAND COMPANY LIMITED
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Stores Adopt Modern Ideas In Light, Heat

Merchants Introduce Indirect Illumination and Air-Conditioning

BOTH HELP SALES

To the storekeeper rather than the householder must go the credit for introducing 2 important conveniences in the last few years; modern lighting and modern air-conditioning.

Waggish jokes notwithstanding, the average man spends a good deal of time in his own home. At least 12 hours out of the 24 he remains there and sometimes several more. But, naturally conservative when it comes to home surroundings, he has been slow to adopt either of the 2 conveniences mentioned.

Approval

He has viewed the new indirect lighting, the tubular lights and other forms of artificial illumination with a good deal of approval when accompanying his wife on shopping tours. Perhaps he has made some vague enquiries as to costs of installation and maintenance and has been agreeably surprised. But beyond vowing that in his next house he would have to try out some of these new fixtures, many home owners have let it go at that.

The same timid policy has been too often applied to air-conditioning in existing residences. Remembering the fast changing radio of the post-war period many householders have adopted a "wait and see" attitude believing that the perfect system was yet to be invented.

Advantages

But not so the storekeeper. While this individual may be conservative enough in his own home, in business he must be progressive. Otherwise he will find that his bookkeeper is going to be using more red ink than black.

This man has been quick to recognize the advantages of the new lighting. The old system of well-spaced drop-lights, true was a big step forward from kerosene. But kerosene went out of fashion over half a century ago.

Glaring bare bulbs he has found offensive and those dimmed by some semi transparent glass or porcelain only a slight improvement.

But now with softly luminous painted walls, or special show places of gleaming stainless metal or semi-colored structural glass a new lighting system has been devised to harmonize with the modern surroundings. It gives the customer the impression of stepping out into soft sunlight rather than crossing the threshold of a market place.

Lighting

Goods under modern indirect illumination appear in natural hues. There are no sharp shadows to create distortion.

The actual light may be completely concealed and by varied colored bulbs different hues may be given to different parts of the store.

Or the new tubular lights may be used directly for striking effects parallel to doorways, halls or flanking mirrors in beauty parlors, shoe salons and similar speciality shops. Customers, once they discover this modern lighting does not automatically go with higher prices, naturally gravitate toward such a store.

Air-conditioning Scores Hit

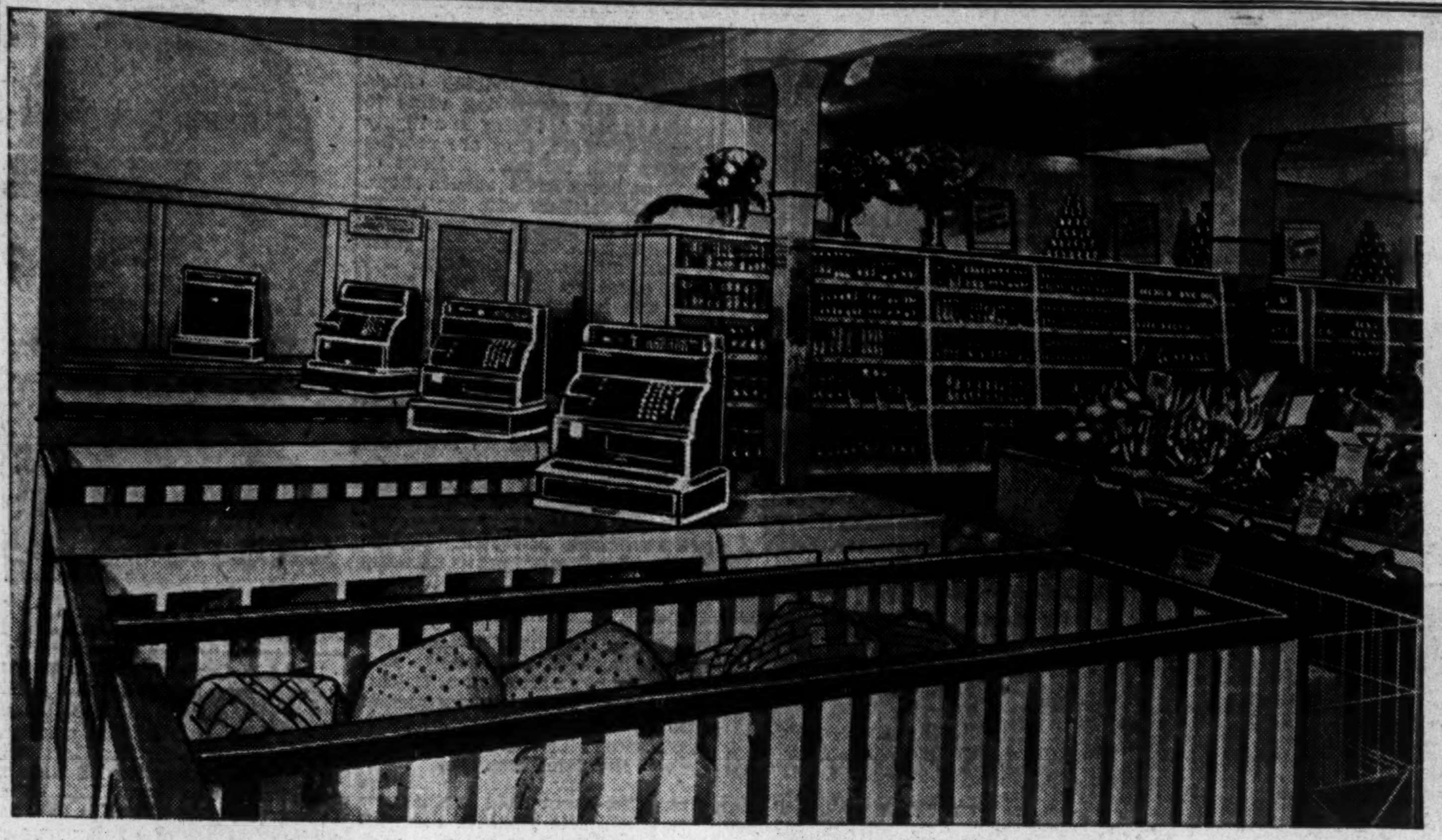
The same urge for more patronage has proved a staunch ally of the manufacturer of air-conditioning equipment. The heat wave of last summer gave tremendous impetus. Stores so equipped were able without difficulty to keep temperatures down to a modest 65 or 70 degrees when street thermometers were literally boiling over. Of still greater importance, that enemy of even the soft collar, humidity, was also brought under control.

Air-conditioned stores scored a major hit and because air-conditioning is just as important a factor in winter as in the summer, such stores not only gained new trade, but are holding it.

Other Advantages

In addition to pleasing the customer, the first and probably paramount rule of successful merchandising, air-conditioning offered other advantages as well. Heating and cooling costs did not show any appreciable rise and certain goods, liable to shrinkage, wiltage and other forms of depreciation were benefitted.

Health of employees as well as customers will be improved during the cooler months.



MODERN EQUIPMENT MADE THIS POSSIBLE

Self-serve groceterias are a commonplace in most urban communities yet their ability to perform a real service to customers is dependent largely on modern equipment and modern methods of merchandising.

For example, the modern mode in packaging whereby scores of bulk commodities can now be wrapped in moisture-proof Cellophane and given visible display has been an important factor in revolutionizing merchandising and aiding in cheap, efficient handling of perishable and other foodstuffs.

Then, too, the modern cash register permits the handling of large crowds of shoppers at an extraordinarily rapid tempo. Not only does it give an itemized receipt to each customer with the minimum of delay but it also leaves a complete, accurate and departmental record for the merchant.

Store Construction Shows Active Growth

New Building and Renovation Up 100% This Season

SPEND $4.5 MILLIONS

Are Canadian retailers modernization minded?

If a walk down the main street of practically any large town is not sufficient answer then an analysis of recent construction figures is.

The latter shows storekeepers have just about doubled the amount of money spent on new buildings and renovation in the last year as compared with 1935. And expenditures on this sort of work in 1935 were in turn a good deal better than in 1934.

Like most other building, that concerned with stores is largely carried out during the summer. From April to September last year the peak month showed a total outlay of slightly under $600,000 in Canada and an average for the 6 months period of about $400,000.

Big Jump This Year

During the summer season just closed on the other hand, the peak months were just under $850,000 and the average per month was not far short of $750,000.

Most of this total expenditure for 6 months of almost $4.5 millions went into renovations. There were some completely new stores but by far most of the work went into new fronts and new interiors for existing establishments. Some of the chains like Loblaws and Dominion Stores were almost completely rebuilt, while literally thousands of individual shopkeepers and smaller chains did the same thing.

Large Range Affected

At an average expenditure of $1,000 on store fronts and the same amount on interiors this means that 2,200 stores were affected. The total mentioned in all cases is exclusive of removable store fixtures, such as show cases, refrigerators, counters, scales, cash registers, etc. As a matter of fact the outlay for such appliances would probably equal the cost of alterations as few establishments are renovated without the operation applying equally to the fittings.

Thousands of new fronts, of plate glass, stone, brick, steel, stainless steel and panelled woods have been installed right across the country in the last few years. Hand in hand with this development has come new modern electric signs and other signs and new doorways.

New Interiors Appear

Inside appear new interiors. Fire resistant walls have been put in that are also insulated and soundproofed. New floors of wood, tile or linoleum on concrete may have been added. Certainly new and modern lighting will be included. There will have been gallons of paint used and possibly some panelling of stainless steel or highly polished woods. Often the renovation would embrace new heating systems, new refrigerators.

counters, shelves, etc., cash registers and business machines.

Large department stores,* shops specializing in food products and drug stores have led the van. Here the first concern of the customer is spotlessness and here shining new interiors and store fronts pay quick dividends. But the other shops are following and even prosaic hardware establishments have followed, finding, like the others, that modernization and especially the first modernized job in its line in the block, is a trump card in drawing more patronage.

Booklet Covers Housing Designs

Winning Plans in Recent Dominion Housing Competition Published

Over 50 of the leading housing designs in the recent Dominion Housing Act architectural competition have now been incorporated in an attractive bulletin just released by the Department of Finance at Ottawa. The price is 25 cents per copy.

Complete plans of each design, with exteriors, floor plans, garden, and unusual treatment for front doors, etc., are given.

Over 500 designs were submitted in the competition which was open to architects only. It was inaugurated to stimulate interest in the low cost building loans being sponsored by the Dominion Housing Act and also to evolve a plan for a satisfactory low cost house.

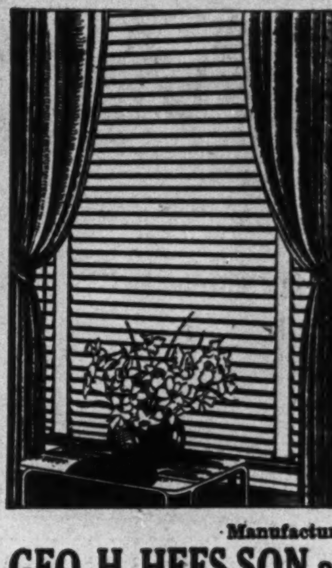
Rules called for a modest home of about 6 rooms that would be within the cost range of the average family. Designs as published in this booklet run all the way from the strictly orthodox to the ultra-modern where even clouds, smoke and trees have been streamlined in keeping with the rigid lines of the proposed houses.

Roofing Output Has Steady Gain

8 Months Production to Date Equals 1935 Total

Production of asphalt roofing, in keeping with increased activity in new building and repairing has shown a consistent gain in production every month this year. Asphalt shingles, for instance, were produced to the amount of over 40,000 squares in August, 1936, as compared with 34,000 a year ago.

This represents a seasonal decline from July but for the first 8 months of the current year production is estimated at slightly over 250,000 squares as compared with 188,000 for the same period in 1935. This 8 months' production incidentally is higher than for the whole year of 1933 and 1932 and within 35,000 of the total for 1935.



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Look for this Name-Plate BUILT IN CANADA

SALES INCREASE WHEN THERE'S AN *Incentive to sell!*

AVERAGE SALE UP . . . sales volume up . . . sales effort better—that's the story of certain spectacularly successful stores today. And that third condition usually provides the key to their success. In other words, salespeople are the deciding factor when it comes to sales improvement.

The experience of these stores definitely shows that it's not preaching or exhortation that builds sales effort—but the presence of a strong incentive to sell. Such an incentive can be provided through a program of recognition and reward—recognition of individual effort by rewards for extra sales results.

Any retail store can put such a program to work — provided it can get individual sales records for each salesperson. If every clerk knows that he alone can improve his sales record—that he is "on his own" in the eyes of the management and will earn just what his personal sales justify—he'll sell. With individual records, management can tell accurately where rewards are earned—or where a clerk is not earning his pay.

There's a National Cash Register System that holds the key to such a program. It provides accurate, complete records of each salesperson's activity. It provides the information that makes a reward or sales-incentive program possible. Ask our representative to tell you about it—and how it can be best applied to your particular organization.

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At the Westinghouse branch offices listed below the results of modern lighting research are available to you. Let Westinghouse help you get efficient lighting.

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WHEN YOU THINK OF *Lighting* THINK OF Westinghouse

In The Construction World

Stores Lead Van In Modernization

CERTAINLY to the progressive storekeeper must go much of the credit for introducing modernization. Perhaps one should go farther and state that present day competition forces the best of these retailers to keep up to the minute or go under. But at any rate it has usually been the leading department, chain or individual stores that have led the van in new lighting, new fixtures, new materials and new ideas in construction generally.

To such establishments have come salesmen for the recently produced gleaming but stainless metals, the new veneers in woods, new glass, air-conditioning equipment, insulation and new wall boards. Colored lighting, sharply contrasting tiles or glass, new designs in streamlining have no terror for the merchant. He realizes his establishment must stand out if the hinges of his front door are to function.

* * *

Offer Gateway Into Home Field

THE merchant's favorable reception of these which would once have been called daring or perhaps glaring innovations, makes him in turn more susceptible to more elaborate and some time expensive systems of heating, lighting and refrigeration. Dealing daily with new commodities in his own line he is quick to realize the advantages of the new equipment offered to make his store more comfortable and more attractive.

After all, like the machinist and his tools, new commodities are the things the merchant is working with and he is prepared to take quick advantage of improvements as made. He does not wait for the day when the appliance will have incorporated every possible improvement realizing that the day of perfection will never come so long as man retains his inventive genius.

Once the leading stores adopt these new modernizations then it is only a matter of aggressive selling until they are introduced to the home.

* * *

Loan Interest Cut Will Help Scheme

THE potential buyer of home improvements will hail with satisfaction the recent official announcement that the interest rate on the new government sponsored renovation loans is to be kept down to around 6%. This is an interest rate that the average man understands and comes within practical range. At the first figure suggested when the plan was originally broached, somewhere around 10%, there was bound to be a good deal of hesitation in using the $50 millions available for new roofs, bathrooms, painting or the scores of other jobs that require doing when the average house passes its 10th birthday.

True the new low rate of interest on loans for which no real security is available, must necessarily make the banks unusually cautious. Perhaps at the end of the year the $50 millions in loans contemplated will be found to have been more than a generous estimate. But it will be something indeed to get $30 or $40 millions of new work undertaken and the money repaid.

Coke Output Rises

Ontario production of coke in the first 8 months of 1936 totalled 961,914 tons, an increase of 76,100 tons over the output for the corresponding period of 1935.

STORE FRONTS THAT STAND OUT

Thousands of new store fronts have been installed by Canadian retailers in the last few years. Merchants have been quick to adopt the new structural materials available—glass, cut stone, metals and special wall boards.

Upper left shows one made up almost entirely of the new structural glass in contrasting colors, while right gives an idea of what one of these fronts looks like from the inside, with attractive panelling all in wall board. Lower windows are of heavy plate glass trimmed in decorative bronze, the whole flanked by warm Tyndal cut stone.

New Store Fronts Get High Business Rating

Structural Glass in Contrasting Colors, Stainless Steel and Stone Combinations Feature Construction

Although this has often been termed a metal age, when it comes to store fronts glass should be included. And incidentally a combination of glass and gleaming rustless metals is generally considered just about the smartest store front that has emerged in the keen competition for more customers in the last decade.

Twenty-five years ago a big plate glass window was considered sufficient to attract trade. But plate glass alone today is not enough. After all the store front is the first thing that hits the eye of the potential customer. It is here where the merchant concentrates his best efforts. Something out of the ordinary must be offered and in this vital connection new products such as structural glass, stainless metal, and cut stone are playing an increasing part.

It is estimated that close to 20% of the many new store fronts installed in the last 5 years have been of structural glass.

Claim Many Advantages

When properly installed and this means by experts and designed in colors, preferably under architectural supervision, several big advantages are claimed. For instance:

1. It is permanent.
2. It requires no painting.
3. It can be cleaned easily with a hose only.
4. It is weatherproof even in the most widely varying Canadian temperatures.
5. It arrests attention, coming in practically any color.
6. It combines readily with modern lighting, modern advertising signs, modern coloring to give striking effects.
7. It is easily, cheaply and quickly repaired.

Not Expensive

Structural glass store fronts, it is claimed, are not expensive, being on a competitive basis with good cut stone, or all-stainless metals. In the long run, when painting and other upkeep costs are taken into consideration, the new material is even competitive with wood.

Though the construction of a glass store front is not possible for the handyman even when the job is carried out by experts, it only costs in the neighborhood of $1,000 to $1,500 for the average double store front. This would be for a double window, with door between and includes bulkheads below the windows, probably an awning in enclosed metal case above, the necessary plate glass for the windows itself and the wall above to the first story.

Structural glass comes in sheets nearly a quarter of an inch thick and usually 2 feet wide by 30 inches long. For the bulkheads under the window longer sheets may be used and these can be bent or molded to suit any type of streamlined doorway.

How It Is Installed

The glass sheets are attached to any wall, of wood, stucco, brick or other building materials, in 2 ways. First, metal cleats are driven into the wall and these are fastened to each sheet of glass. Then between the glass and the interior wall a mastic of permanently pliable cement is used which effectively excludes air and moisture and makes a joint that defies heat, moisture and even, it is said, earthquakes.

Edges of sheets of glass are ground smooth with a slight bevel on the outer side. In between a special cement is placed which can be secured in contrasting colors. The cost, installed, figures out at about $1.50 per foot.

The glass is readily combined with stainless steel or metal alloys for trim around the windows, doorways or concealed metal awning holders. It blends well with artistic metal doorways.

Is Breakable

The material will stand ordinary wear and tear but is naturally more susceptible to a hard blow from a carelessly tossed baseball, or a careening bicycle or automobile than metal or stone, But repairs may be made by taking out the damaged sheets and replacing. Though it will scratch to the same extent as plate glass, the glass companies claim the new fronts will stand up in a Prairie dust storm. Usually along the street level a special 6-inch baseboard of contrasting glass is used or a stone front or metal scuff board.

The big advantage of structural glass for store fronts lies in the wide range of colors secured. Anything from jet black to flaming red is available and with such materials the storekeeper who wishes to attract attention can easily achieve his ambition. The story is told of one store in a string of 5 which when fitted with a new glass front outsold the other 4 combined in the first week.

For Special Purposes

When used practically alone, these new store fronts, because of their spotless appearances and the ease in keeping them so, are particularly suited to premises where food products are sold, candy stores, restaurants, dairies, groceries and butcher shops frequently adopting the new material.

Because of the striking effects possible, and advertising value to those retailers operating in a highly competitive field, they are proving popular with the merchandisers of tobaccos, drugs and sandwich shops.

For the retailers with the slower turnover, clothing, furniture, hardware and such things, usually glass is more moderately displayed and very often combined with metal trim and massive bronze or other metal doors to add dignity and an air of substance and permanence to the establishment.

Danger in Colors

While the wealth of colors available makes the new material of very great value where something modern and different is sought, on the other hand these brilliant hues may actually work to a disadvantage where one runs riot with greens, yellows, black and reds. Certain combinations may prove striking enough, but at the same time be well nigh nauseating to a large number of people. It is because of this danger that the glass companies usually advise their clients to seek the advice of an architect or at least of the glass companies themselves who have had the benefit of much experience with the new material.

Invisible Glass Too

Another new departure in the glass store front field is the new "invisible" plate glass for the window itself. Recently one such window was installed by the Adams Furniture Co. of Toronto. To the casual passer-by the first appearance is almost uncanny. The furniture or other products displayed appear to be standing in the open with absolutely nothing in front. Indeed this appearance is so realistic that some embarrassing results are reported when these windows are first installed. Like the lure of fresh paint pedestrians want to make sure, and cover the window with finger marks in their efforts to locate the invisible barrier between them and the goods displayed.

Stainless metal, of course, has made great headway in recent months for bulkheads and other walls surrounding the window proper. Here again contrasting colors can be used with great advertising effect. As scuff boards for doors and the along the ground level of the fronts such metals offer a gleaming surface and one that will stand constant wear. Heavier and more artistic metals are being used more and more for the front doors and doorways and also for ventilating gratings along the front.

Wall Boards for Interiors

Inside structural problems are being largely solved with the new wall boards. These now come in several thicknesses and finishes. Some are permanently colored in the process of manufacture and are also available in varying shapes and sizes so that pleasing and unusual panelling effects are possible.

In addition to the very practical advantage of being cheap, fire-resistant and impervious to atmospheric changes, the latter a vital point where air-conditioning is installed, they also have 2 other points of prime importance to the retailer: their acoustic qualities are far superior to most other building materials and they can be installed overnight without any interference with patronage. Where musical instruments are being handled or where big, noisy crowds are constantly moving in and out, the deadening of sound is a considerable advantage.

In Canadian climates the problem of window frosting in cold weather and blurring during hot humid days is an extensive one. Complete insulation of the show window with heavy building board, so that the temperature of the window may be kept down to that prevailing outside has, it is said, often solved this problem. Of course this is no solution with perishable products which are not improved by being frozen on zero days or subjected to 100 degrees in July. But even with these a specially insulated shop window is the first big step toward keeping the window clear.

SPEAKS IN TORONTO

Floyd L. Carlisle (above), an outstanding personality in the public utilities industry in the United States, who will be the principal speaker at a dinner of the University of Toronto Engineering Alumni Association, at the Royal York Hotel, October 31. This dinner is the concluding function of a 3-day reunion of the graduates of the School of Practical Science—a gathering which will bring old "grads" back from all parts of the globe.

Mr. Carlisle started his career as a lawyer in Watertown, N.Y., but his activities soon embraced a variety of financial and business enterprises, which led him finally to New York City, where he founded his own investment banking firm. He was prominent in the formation of the Niagara Hudson Power Corporation, of which he is the chairman of the board. He and his associates purchased control of the St. Regis Paper Co., which controls the Canadian company of the same name. In 1930 he became interested in the public utility affairs of New York City, serving as a director on various of the old Consolidated Gas and Edison Electric groups. When these various companies were this year consolidated under the name of Consolidated Edison Company of New York, Mr. Carlisle became chairman of the board of one of the world's largest public utility enterprises. He has the reputation of a brilliant speaker and was one of the principal speakers at the recent World Power Conference at Washington.

Glass Sales Report Gain

Production of New Transparent Bricks Behind Deliveries

Any doubt as to the popularity of the new glass building brick is dispelled by the report from United States that factories making this new material have been sold out. Shipments have had to be delayed until the manufacturers have had a chance to catch up.

New construction and renovation have also given big business for the regular glass companies with window, plate, rolled and wire glass gaining monthly in demand.

The new glass building bricks are gradually entering the residential building class in Canada. Not only are they used for more or less orthodox places such as lighting basements and bathrooms on side drives but they are also being incorporated in decorative schemes in dining and living rooms.

Ordinary windows along one side of a southern or western exposure in the living room are being supplemented by large glass block panels in other exterior walls which will allow a filtered light from side drives and drying yards where full transparency would not be desirable.

The new Imperial Tobacco Co. plant at Montreal is using glass bricks in several floors where ordinary windows will be eliminated

Viau Biscuit Corp. Reorganization Passes

MONTREAL.—Supplementary letters patent have been granted by the Quebec Government to the Viau Biscuit Corp., giving effect to changes in name and capitalization approved by shareholders in August.

A SMART OFFICE is a GOOD INVESTMENT

A down-at-the-heel office is bad business, for appearances count heavily today. If you have been postponing necessary improvements, it's time to modernize. Start with a smart, custom-built Dominion Battleship Linoleum floor . . . for the floor is the *keynote* of any decorative scheme. Dominion Battleship Linoleum is permanent, sanitary, noise-deadening, easier-to-clean and requires no costly refinishing. It has been chosen by the majority of Canada's most modern office buildings.

Consult your linoleum contractor or the contract department of any good house-furnishings store . . . or write us for descriptive bulletins — full information.

DOMINION BATTLESHIP LINOLEUM

DOMINION OILCLOTH AND LINOLEUM COMPANY LIMITED, MONTREAL

WILL PAY FOR *Permanent Comfort!*

DO YOU KNOW that you can reduce the cost of heating your home this winter by as much as a third by applying Donnacona Insulating Board to the walls and ceilings? Year after year these substantial dividends are repeated which will alone more than justify the moderate cost of Donnacona Insulation, yet there are also plus values which, added to its recognized efficiency as an insulator, have earned for Donnacona nation-wide preference ● As a finish for walls and ceilings Donnacona is modern and attractive ● Every room acquires a new beauty, a new distinction ● A variety of textures, from the unique rough-cast surface of Standard Donnacona to the soft suede finish of Donnacona Burl Board and the wide range of Donnacona Insulating and Decorative Products, offer unlimited scope to homeowner, architect and decorator alike ● Donnacona is adaptable to any scheme of decoration and to every type of building, old or new.

DONNACONA INSULATING LATH IS THE IDEAL PLASTER BASE.

DONNACONA

The unique rough-cast surface of Standard Donnacona and the pleasing variety of shades and textures of Donnacona Burl Board, make Donnacona ideal for interior decoration. ● There is a Donnacona Product for every insulating purpose.

Standard Board—*Rough-cast surface.*
Burl Board—*Smooth velvety texture.*

Panel Board ● Veelap Board ● Tile Board ● Decorative Tile ● Plaster Lath ● Mouldings ● Roof Board.

NEW ILLUSTRATED FOLDERS showing how effectively Donnacona can be used in home and office, auditorium and store, will be sent on request.

Ask your local dealer for samples and prices.

DONNACONA INSULATING PRODUCTS D-3-36

ALEXANDER MURRAY & CO. LTD.—Montreal ● Toronto ● Halifax ● Saint John ● Winnipeg ● Vancouver

Modernization Loans Available Immediately

Expect All Canada to Participate from November 1

RIGID QUESTIONNAIRE

Home modernization loans under government sponsorship are to be available almost at once in many parts of Canada.

Beginning with Windsor where bankers and officials of the Federal Department of Finance have already agreed upon a plan, house owners will be able to secure loans of from one to 3 years duration, up to $2,000 on each property, and at an interest rate of only slightly over 6%. Windsor loans have already started and other centres are expected to participate from Nov. 1.

Government Gives Guarantee

The government will guarantee the banks against losses up to 15% on a total of loans up to $50 millions. The guarantee cannot be available before parliamentary approval. Such approval, of course, will not be forthcoming until the next session at Ottawa and this would have meant a delay until at least December and more likely January. Arrangements therefore have been worked out whereby the banks will carry the full risk in the meantime, and the coming legislation will be made retroactive.

Originally the interest rate mentioned was in the neighborhood of 10% but as a result of recent negotiations between Ottawa officials and the Canadian Bankers Association the rate was substantially reduced. This reduction is expected to stimulate interest in the scheme as it brings interest on a par with ordinary commercial loans and to less than half the usual rate of installment buying.

It was also suggested at first that the maximum duration of the loan be 5 years, but the authorities, apparently have come to the conclusion that such a long period was unnecessary.

Banks to be Cautious

It is believed that bankers, who after all are responsible for 85% of the principal involved in each transaction, will have to exercise considerable caution. No security beyond the borrower's own character will be possible because many of the loans will be made for such non-secured investments as painting or other decorating or equipment or enlargements to residences already mortgaged. Under the circumstances it is believed the $50 millions contemplated for such loans during the coming year will be more than ample to handle actual business resulting.

As explained in previous issues of The Financial Post, any house owner in good standing will be able to walk into the local bank and make arrangements for a loan up to $2,000 for improving his property. It will be repayable on a monthly basis. If the applicant is the owner of several houses, then several loans will be possible. Naturally it is expected the banks will make sure that the money is to be well spent and the improvement contemplated is in keeping with the existing investment.

Questions for Applicants

While no endorsements or collateral are necessary and the scheme is stated to be free of red tape, the application forms for loans now being distributed leave few loopholes for the applicant looking for easy money. The form calls for fullest information regarding existing obligations against the property on which the improvements are proposed.

The lenders apparently are interested in knowing whether there is any mortgage, though provided it is in good standing, such an obligation, it is stated, will not be considered detrimental. They are also interested in knowing whether taxes and insurance have been paid up and whether the applicant is in serious debt regarding other loans. They want to know about his employment record over the last 3 years. Particulars regarding the improvements planned, costs, contractors, etc. are requested and a signed statement to the effect that the money to be borrowed will be spent on such improvements.

Arrangements have been made to ensure that there will be no increase in the assessment of any property improved. The scheme has been developed by the National Employment Commission under the chairmanship of Arthur Purvis, Canadian industrialist, with the main idea of providing more work. Mr. Purvis points out that on the modernization jobs contemplated a large part of the expenditure will go directly into wages. Construction resulting, according to Mr. Purvis should in turn generate much supplementary activity.

So far the plan only embraces home modernization with any permanent equipment or improvement, anything that would go with the house if sold, eligible for the new cheap money. Modernization of stores is not yet included, but The Post understands that such an extension is being considered and may be drafted into the final legislation now being prepared.

Farms Are Included

Farm homes are to be included in the scheme, but not barns, stables and other outbuildings. It is understood, however, that if there is any general demand from farmers for modernization loans to cover barn and stable equipment and improvements, the government would favorably consider the request. Such a move would be of very considerable interest to farm equipment companies.

As the legislation now stands, building materials, paint and equipment companies stand to benefit directly, but the range of home improvements is so wide that it would be easier to define those not affected than those that will be. Even sales of movable equipment like furniture, refrigerators, lighting fixtures, etc., should be boosted with any general adoption of the permanent scheme, because while these things are not covered by the new loans, any permanent home improvement is bound to be followed by new purchases of products to go with the change.

For banking reactions to new loan scheme see page 14.

Wholesale Trade Shows Good Gain

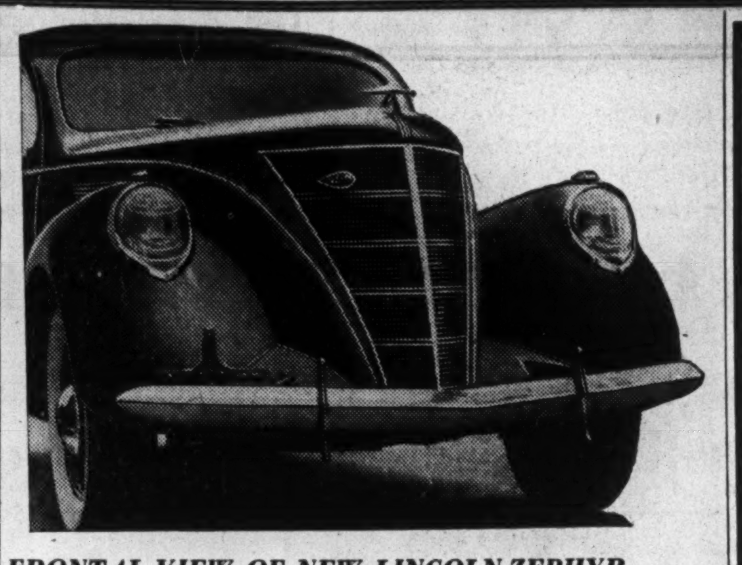
The value of wholesale sales in Canada for August was 6.4% higher than in August, 1935, according to reports submitted by 200 wholesale houses operating in 9 different lines of business.

While increases in combined sales were recorded for all economic divisions of the Dominion, the greatest improvement was shown in the Prairie Provinces with a gain of 11.2%. Percentage increases for the other economic divisions were as follows: 7.4% in the Maritimes, 5.9% in British Columbia, 3.4% in Ontario, and in Quebec the gain was 2.5%.

Most Groups Gain

Seven of the 9 kind-of-business groups for which figures are shown in the table registered increases in August over the corresponding month last year. The tobacco and confectionery group was the only group to show a decrease, drugs remaining unchanged. The increases ranged from 15.4% in the fruits and vegetables trade, which also showed the largest gain in July, to 2.5% in the dry goods trade. An increase of 15.4% was also recorded for the footwear group, and the grocery trade, which has shown an improvement for every month of the current year, again shows an increase of 6.1%.

The value of inventories for all lines of trade combined, as on Aug. 31, 1936, was 9.2% higher than on the corresponding date last year. The highest increase recorded was in the fruits and vegetables group, which showed a gain of 29.0%, while the smallest increase, or 2.1%, was registered by the hardware trade.



FRONTAL VIEW OF NEW LINCOLN-ZEPHYR

Smarter appearance and improvements in interior treatment mark the new Lincoln-Zephyr motor cars for 1937. The "first anniversary" cars have a new frontal appearance as shown above. The sharp-nosed radiator grille is ornamented with horizontal chromium strips. Most striking feature of the interior treatment is a new instrument panel and grille screening car heater and radio. A new luggage compartment arrangement gives access through the rear deck hatch.

New Industries

Toronto Industrial Commission announces that:

Mono Ltd., recently incorporated under Dominion charter, has leased 16,000 sq. ft. of floor space in former Dominion Motors plant at Leaside for manufacture of paper drinking cups and paper containers used in packing food and dairy products.

Gray Forgings & Stampings Ltd., tool manufacturers, 686 St. Clarens Ave., has purchased tool business of McKinnon Industries, St. Catharines, Ont.

Canadian Tire Corp. Ltd., 637 Yonge St., has purchased building at corner of Yonge St. and Davenport Road in order that various departments, including machine shops, may be in one building.

Quaker State Oil Refining Co. of Can., Ltd., is installing 3 additional 8,000 gal. oil tanks in its plant at 437 Fleet St.

Dominion Wheel & Foundries, Ltd., 171 Eastern Ave., will make alterations to the plant to cost about $10,000.

Mundet Cork & Insulation Ltd., 35 Booth Ave., is making a $17,000 addition to the plant.

Carlson Cycle Wheel Goods Ltd., Oshawa, Ont., has leased space on the second floor of the city-owned factory building formerly occupied by William's Piano Co. The company will handle, in addition to its own products, other lines currently marketed in U. S. (Oshawa Times)

Federal Wire & Cable Co., Guelph, Ont., has purchased building formerly owned by Crowe's Iron Works. (Guelph Mercury)

Frederic B. Stevens of Can., Ltd., Windsor, Ont., will build an addition to the plant at 826 McDougall St. (Windsor Star)

Federal Rubber Products, Stratford, Ont., is installing a new 285-ton calender for rolling rubber into thin sheets in manufacture of door mats, stair treads and other sheet rubber products. The company will also install 2 new mills and 3 presses. (Stratford Beacon-Herald)

John Labatt, Ltd., London, Ont., will construct a new storage building and has purchased a strip of land for building purposes from Public Utilities Commission. (London Evening Free Press)

Kelvinator of Can., Ltd., London, Ont., has acquired large plant formerly owned by Dominion Dyers Ltd. to which service department will be transferred. (London Free Press)

Long Mfg. Co., Windsor, Ont., plans a $15,000 addition to plant. (Windsor Star)

Colgate-Palmolive-Peet Co., Toronto, will make an addition to the plant to be constructed of reinforced concrete and will have 6 stories above and one below ground level, providing for an increase of about 50% in present floor space. (Canadian Grocer)

* * *

Daily Commercial News notes that:

Canadian Westinghouse Co., Ltd., Hamilton, has called for tenders for construction of additional story and stair tower over existing 3-story air brake building at plant.

Canadian Spool Cotton Co., Montreal, plans erection of addition to warehouse and office building.

George Weston Bread & Cakes, Ltd., with head office in Toronto, will build a new bakery distributing unit at 191 Hunter St. W., Peterborough, Ont.

Cobourg Dyeing Co., Cobourg, Ont., will make an addition to the dye and bleach house.

T. Eaton Co., Ltd., plan construction of $20,000 boiler house at cotton mill, Hughson St., Hamilton.

Sovereign Potters, Ltd., Hamilton, has let contract for $6,000 shipping shed.

Wayagamack Pulp & Paper Co., Three Rivers, Que., will build $10,000 caustic tank building.

Canadian Longyer, Ltd., North Bay, Ont., has let contract for one-story addition.

Butter From B. C.

Production of creamery butter in British Columbia totalled 4.5 million pounds, together with 367,457 pounds of cheese, in the first 9 months of 1936.

Soap and Water
RESTORES THE BEAUTY OF THIS FINISH at any time
SHERWIN-WILLIAMS Semi-Lustre

This scientifically developed satin finish combines easy washability with the soft, no-glare surface so much in vogue. It is ideal for the modern store.

Stains, finger marks, accumulated grime, wash off easily with soap and water leaving the lovely satin surface like new again.

Sherwin-Williams Semi-Lustre is easily applied, dries quickly and is DEODORIZED—no lingering odours to bother your customers. The 13 modern pastel shades can be intermixed to give almost any desired tint.

Enquire at the nearest store carrying Sherwin-Williams paints; or write us direct for full particulars.

THE SHERWIN-WILLIAMS CO.
of Canada, Limited
Head Office MONTREAL

B.C. May Get Packing Plant

Canada Packers Applies For Vancouver Permit; Decision Later

Possibility of a new meat packing plant for Vancouver is seen in the application of Canada Packers Ltd. for permission to build an abattoir in Vancouver.

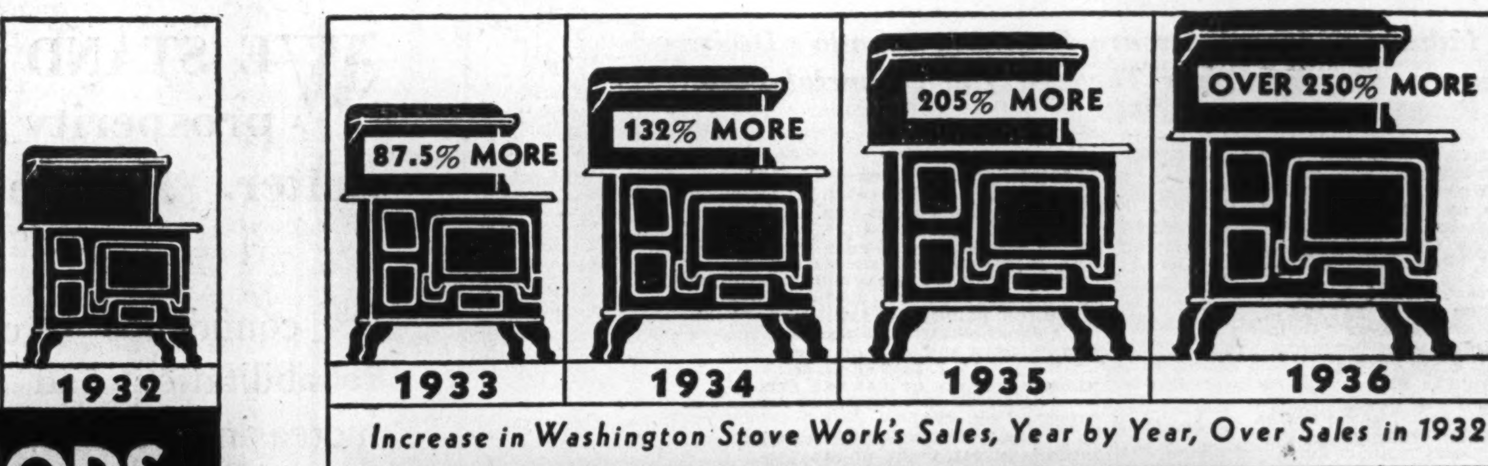
As reported in Vancouver the plan calls for the erection of a $300,000 meat packing plant on ground owned by the Canadian National Railways in the heavy industrial area of Vancouver.

The Financial Post understands that no definite decision has been made by Canada Packers but that the application is merely a preliminary step toward the possible construction of such a plant. If erected it would probably follow the design of the company's new plant at Edmonton and be of reinforced concrete and brick. Plans, it is understood, would take probably a couple of months to complete before actual construction could be started.

New Western Outlet

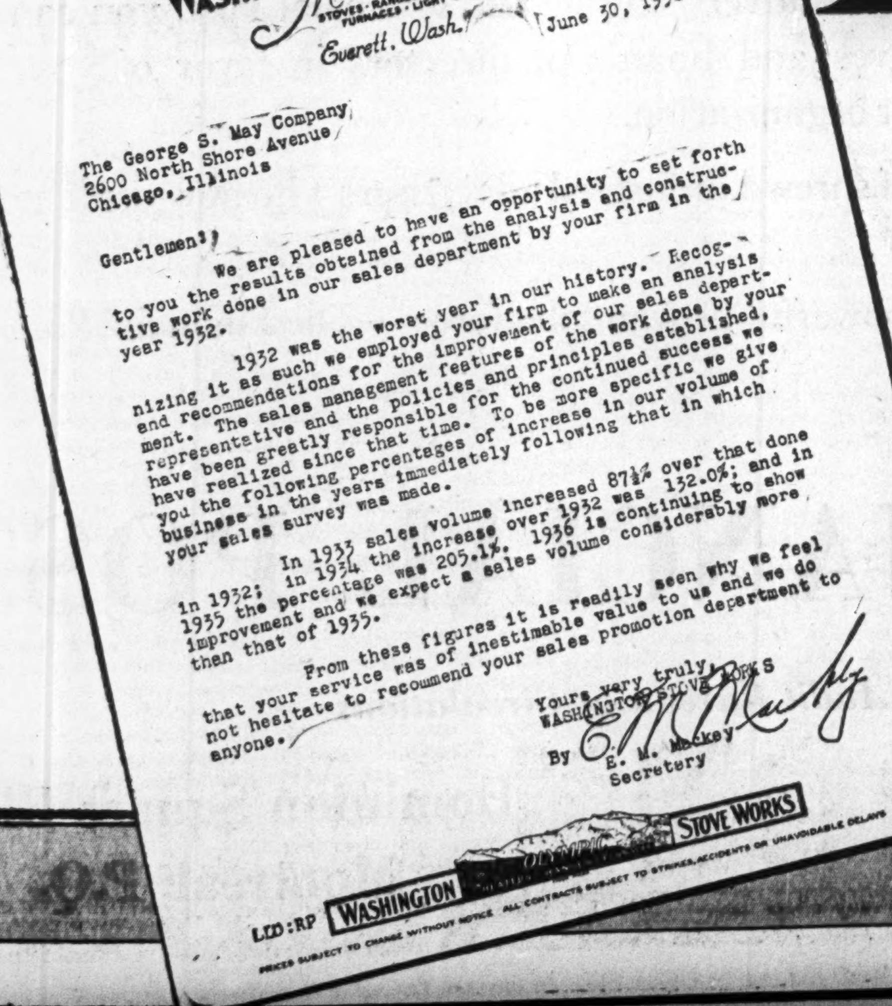
Such a plant would give Canada Packers a new western outlet for its products which would be an important consideration with an output which consists very largely of highly perishable goods. It would also complete expansion of the company's activities into the western field and would give it a complete string of plants right across to the Pacific Coast. Until the building of the Edmonton plant Canada Packers processing activities were largely confined to Manitoba, Ontario and Quebec.

The Vancouver plant would provide British Columbia dairymen with a new outlet for their hogs, the raising of which forms an integral and important part of dairy farming. It would also, of course, provide a similar outlet for cattle from the B. C. ranches.



Increase in Washington Stove Work's Sales, Year by Year, Over Sales in 1932

GEORGE S. MAY METHODS Step Up Sales and Bring Lasting Benefits



WASHINGTON STOVE WORKS
Manufacturers
STOVES · RANGES · HEATERS
FURNACES · LIGHT CASTINGS
Everett, Wash.

June 30, 1936

The George S. May Company
2600 North Shore Avenue
Chicago, Illinois

Gentlemen:

We are pleased to have an opportunity to set forth to you the results obtained from the analysis and constructive work done in our sales department by your firm in the year 1932.

1932 was the worst year in our history. Recognizing it as such we employed your firm to make an analysis and recommendations for the improvement of our sales department. The sales management features of the work done by your representative and the policies and principles established, have been greatly responsible for the continued success we have realized since that time. To be more specific we give you the following percentages of increase in our volume of business in the years immediately following that in which your sales survey was made.

In 1933 sales volume increased 87½% over that done in 1932; in 1934 the increase over 1932 was 132.0%; and in 1935 the percentage was 205.1%. 1936 is continuing to show improvement and we expect a sales volume considerably more then that of 1935.

From these figures it is readily seen why we feel that your service was of inestimable value to us and we do not hesitate to recommend your sales promotion department to anyone.

Yours very truly,
WASHINGTON STOVE WORKS
By E. M. Mackey
E. M. Mackey
Secretary

WASHINGTON STOVE WORKS

1932 found the sales volume of the Washington Stove Works of Everett, Washington, the worst in the history of that company.

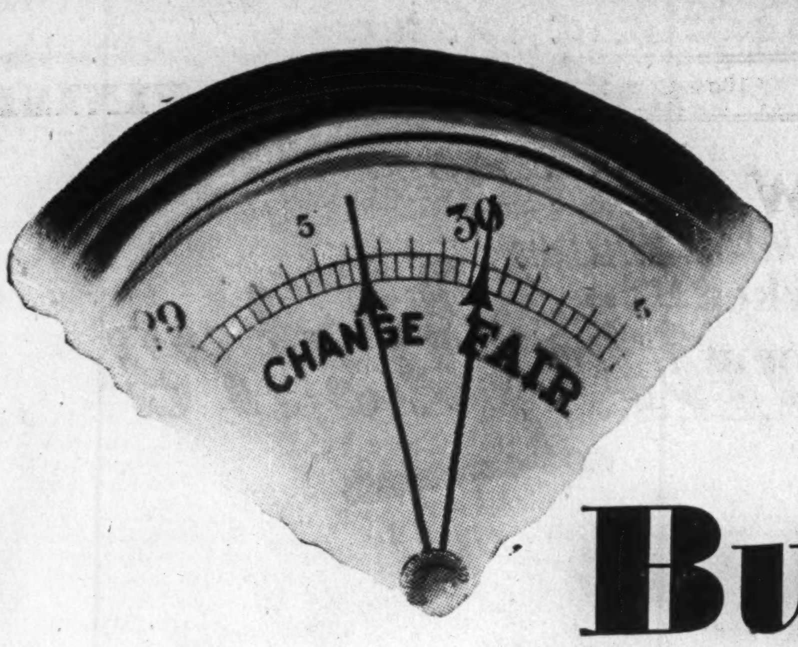
Instead of sitting back and waiting for business conditions to pick up, however, the directors decided to act promptly and find out what was wrong. They called in the George S. May Company and instructed us to make a complete analysis of marketing and merchandising methods.

The analysis revealed many possibilities which had previously been overlooked. Merchandising defects were promptly corrected; new principles and policies established. Sales stopped falling off and commenced the remarkable upward climb referred to in Mr. Mackey's letter on the opposite page. Later reports indicate that the 1936 sales will exceed those of 1932 by more than 250%.

The Washington Stove Works is only one of more than 1500 manufacturing concerns which have found May Methods the correct answer to difficult problems. May clients are located throughout the United States and Canada and are engaged in almost every line of industry.

If you have perplexing sales or production problems in your own business, why not let the vast experience and specialized knowledge of May Engineers help you to solve them? An inquiry addressed to our nearest office will bring complete information.

GEORGE S. MAY, Limited
18 Toronto Street, Toronto, Ontario
CHICAGO: 2600 North Shore Ave.
SEATTLE: 710 Second Avenue
NEW YORK: 122 East 42nd St.
ATLANTA: 134 Peachtree St.



Business Barometer Points "FAIR"

Next Three or Four Years Promise Great Prosperity To Canada

Ten favorable factors summarized by Post Editors:

1. Says the general manager of one of Canada's largest banks: "We have three or four years of great prosperity right ahead of us"—which is exactly in accord with what The Financial Post has been saying throughout all of 1936.
2. The world picture has changed tremendously for the better. Recovery is advancing so strongly that only a war or similar major explosion could stop it.
3. There is a tendency for prices to rise now. This has relieved the problems of debtors and is helping governments to balance their budgets. Rising prices always stimulate trade.
4. The recent devaluation of the franc and other gold currencies in Europe has removed a prime obstacle to world recovery. With currencies in line with one another it is easier to trade internationally.
5. Moreover, the world is getting some relief from extreme tariff policies. When countries no longer attempt to hold their currencies at artificial levels they can be more generous in buying goods abroad. Canada has already sold wheat to Italy and has better sales prospects in most European countries.
6. The resumption of international trading will not be rapid but each advance will bring some lifting of the economic pressure that has weighed on every country.
7. The broad general rise of share prices since September 25 might be termed the "devaluation" advance. From the time of the announcement of the currency devaluation by the gold bloc countries, stock prices have been stronger than at any time this year.
8. Hon. G. Howard Ferguson has said publicly that there will be no war in Europe in the near future. While the war danger still exists, the economic pressure back of the war threat will diminish as recovery accelerates.
9. It is conceded in the United States that whatever happens at the polls on November 3, Washington will be more conservative in the next four years and business will get a better break.
10. In Canada business is at a new peak since 1930. People are going back to work.

These Industrial Advertisers are Reaching Canada's Decisive Executive Buying Power Through The Financial Post:

ANGLIN NORCROSS CORP. LTD.
ALGOMA STEEL CORP.
Agency—Walsh Advertising Co. Ltd.
ALUMINUM CO. OF CANADA
Agency—Norris-Patterson Ltd.
THE BARRETT CO. LTD.
Agency—J. Walter Thompson Co. Ltd.
BEATTY BROS. LTD.
Agency—Thornton Purkis.
BELL TELEPHONE CO. OF CANADA
Agency—Cockfield, Brown & Co. Ltd.
BRITISH AMERICAN BANK NOTE CO. LTD.
Agency—A. McKim Ltd.
BUILDING PRODUCTS LTD.
CANADA CEMENT CO. LTD.
Agency—Cockfield, Brown & Co. Ltd.
CANADA CRUSHED STONE CORP.
Agency—Russell T. Kelley Ltd.
CANADIAN AIRWAYS LTD.
Agency—Cockfield, Brown & Co. Ltd.
CANADIAN BANK NOTE CO.
Agency—Tandy Advertising Agency.
CANADIAN FAIRBANKS-MORSE CO. LTD.
Agency—Norris-Patterson Ltd.
CANADIAN GENERAL ELECTRIC CO. LTD.
Agency—MacLaren Advertising Co. Ltd.
CANADIAN INDUSTRIES LTD.
"Cellophane" Division
Agency—J. Walter Thompson Co. Ltd.
"Explosives" Division
Agency—Ronalds Advertising Agency Ltd.
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Agency—Stewart-McIntosh, Ltd.
CARTER-HALLS-ALDINGER CO.
CHRYSLER CORPORATION OF CANADA LTD.
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CONSUMERS' GAS CO. OF TORONTO
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Agency—Cockfield, Brown & Co. Ltd.
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Agency—A. McKim Ltd.
DICTAPHONE SALES CORP. LTD.
Agency—Cockfield, Brown & Co. Ltd.
DOMINION BRIDGE CO. LTD.
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DOMINION ELECTRIC PROTECTION CO.
Agency—Norris-Patterson Ltd.
DOMINION ENGINEERING CO. LTD.
Agency—Cockfield, Brown & Co. Ltd.
DOMINION FOUNDRIES AND STEEL CO. LTD.
Agency—Russell T. Kelley Ltd.
DOMINION OILCLOTH & LINOLEUM CO. LTD.
Agency—Cockfield, Brown & Co. Ltd.
DOMINION RADIATOR & BOILER CO. LTD.
Agency—James Fisher Co. Ltd.
DOMINION STEEL & COAL CORP. LTD.
Agency—J. J. Gibbons Ltd.
DOMINION TEXTILE CO. LTD.
Agency—Cockfield, Brown & Co. Ltd.
DUNLOP TIRE AND RUBBER GOODS CO. LTD.
Agency—Vickers & Benson Ltd.
THE E. B. EDDY CO. LTD.
Agency—J. J. Gibbons Ltd.
THOMAS A. EDISON, INC.
Agency—Ronalds Advertising Agency Ltd.
FIRESTONE TIRE & RUBBER CO. OF CANADA LTD.
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FOUNDATION CO. OF CANADA LTD.
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Agency—Cockfield, Brown & Co. Ltd.
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Agency—Ronalds Advertising Agency Ltd.
INTERNATIONAL HARVESTER CO. OF CANADA LTD.
Agency—Aubrey, Moore & Wallace Inc.
INTERNATIONAL NICKEL CO. OF CANADA LTD
Agency—Cockfield, Brown & Co. Ltd.
THE G. R. LOCKER CO.
MACDONALD METAL PRODUCTS CO.
Agency—A. McKim Ltd.
MAY, GEORGE S. CO.
Agency—Jim Duffy Inc.
McCOLL FRONTENAC OIL CO. LTD.
Agency—McConnell, Baxter & Eastman.
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Major Canadian Trade Gains Follow Ottawa Pact

Detailed Study of Canada's Sales to Huge British Market Reveals Important Increase for Most Items Covered in Agreement of 1932

By KENNETH R. WILSON

The Ottawa agreements have increased trade between Canada and Great Britain to a substantial degree.

This is the dominant fact that emerges from a close item-by-item study of trade relations between these 2 countries, before and since this famous pact went into effect.

As far as Canada is concerned, the agreement with United Kingdom completely overshadowed anything else that was done at Ottawa in 1932. To realize this, one need only recall that over 40% of our sales abroad are to that country, while Great Britain in turn supplies us with over 20% of our total purchases. Canadian trade items affected directly by tariff changes made or confirmed in the treaty amounted to between $275 and $300 millions last year alone.

Both Sides Benefit

The Empire agreements made at Ottawa have been criticized because they have been one-sided. It is said that Canada got the long end of the stick. In some respects this may be true but a detailed study of the 220 items on which Great Britain got free entry or increased preference in the Canadian market shows a substantial trade increase for that country along a fairly wide front. These changes will be discussed in detail in a subsequent article.

Canada's Place in U. K. Pact

Let us look now at the story of Canada's sales to United Kingdom in light of the Ottawa agreement.

And first of all it must be clearly understood that the Ottawa agreement did 2 things as far as the Canadian market in Great Britain was concerned.

(1) It ensured for 5 years a continuation of the so-called British Empire free list created by bringing into force the British Import Duties Act of 1932 and affecting a wide range of specified imports from countries outside the Empire.

(2) It listed for specific preferential treatment some 20 commodities of which half were special concessions to Canada and the remainder were concessions and preferences common to all Empire countries.

The items so named are shown in an accompanying table, and included, for example, a substantial quota for Canada in the free importation of bacon and ham; removal of the embargo on live cattle and a guarantee of continued preference for at least 5 years in respect of timber, fish, asbestos, zinc, lead, tobacco and lobster.

Items in which Canada obtained the same preferential treatment as other Empire countries were: wheat, copper, cheese, dried fruit, butter, eggs, condensed milk, apples and pears.

Britain's Big Stick

To appreciate the benefits Canada obtained by being kept for at least 5 years on the Empire free list, it must be remembered that in April, 1932, Great Britain had introduced a tariff on foreign goods covering a very wide range of commodities and ranging from 15 to 33%. Iron and steel, hardware, rubber goods, manufactures of wood and paper, chemicals, wearing apparel, agricultural implements, machinery, toilet preparations and electrical apparatus are some of the major groups covered by this blanket legislation.

Thus the fact that the first clause of the U. K.-Canada pact ensured Canada free entry on all these items must be given considerable weight in any appraisal of the U. K. agreement, although there is doubt whether Britain ever seriously intended to penalize Empire producers in respect of these items. This vital list, however, stood in 1932 and still stands as a possible threat against any Empire country which shows itself unwilling to come to satisfactory terms with the British treaty-makers.

90% Gain

In any discussion of the Ottawa agreement interest centres primarily around the specific commodities on which Canada was granted a preference. These are generally conceded to be the chief weapons which Canada obtained at Ottawa to boost its British business. As shown in the accompanying table, the approximate business which Canada did with Great Britain in these special items prior to Ottawa (our fiscal year ending March 31, 1932) was approximately $107 millions.

Four years later our sales to U. K. of the same items topped the $200 millions mark — an increase of approximately 90%. The relative importance of this trade may be seen by the fact that these specific items represented in 1932 approximately 60% of our total sales to Great Britain in that year, and for 1936, approximately 63% of total U. K. sales.

Wheat Dominant

Wheat plays a dominant rôle in this trade picture. In each case it represents considerably more than half our total trade in so far as items affected directly by the Ottawa agreement. It is, therefore, useful, in view of the wide fluctuations in this item due to crop and price influences, to delete it for the moment simply to see what happened to trade in other lines apart from wheat.

When this is done, the interesting fact emerges namely, that sales of Canada to Great Britain in other Ottawa pact items than wheat, rose 114% in the 4-year period from March, 1932 to March, 1936. This compares with a 90% increase in trade pact items inclusive of wheat and a gain 84% in Canada's total sales to U. K. In this same 4-year period our total trade with all countries rose 41%.

Bacon and Timber

Analysis of this list also shows the major gains and losses to Canada since the Ottawa conclave. For examples, sales of bacon and ham have soared in 4 years from under the $2 million mark to over $19 millions. Even by reaching this high total, our shipments in the last fiscal year were something less than half of the amount allowed by the quota granted us at Ottawa. The quota was 2.5 million cwt. while actual shipments for the year ending Mar. 31, 1936, were less than 1.2 million cwt.

Timber is another item that has soared substantially, the figure of $3.2 millions, 4 years ago, having risen to almost $14 millions.

This overseas timber trade has been the one bright spot in the Canadian lumber industry for the past 5 years. For several years prior to 1930 average Canadian exports to United Kingdom of planks, boards and square timber represented but 10% of our total timber exports. By 1934 almost 60% of our total exports were going to the United Kingdom and Canada had almost ousted Russia for third place in the potent British market. For the past 2 years Canada has been supplying between 10 and 11% of total forest products shipped to Great Britain.

Base Metal Gains

Another very striking gain has been in Canada's shipments of copper. Not only do the figures show a gain in the 4 years from $3 to $16.4 millions in value, but study of the volume figures shows a 10-fold increase in our sales of copper ingots and bars particularly, since 1932. While admittedly armament manufacture has played some part in this increase, it is important to note that improvement in sales coincides almost identically with the signing of the Ottawa agreement, there being an almost 5-fold increase in sales in the 12 months immediately following the fiscal year ending Mar. 31, 1932.

Gains have also been shown in sales of lead and zinc with a small but equally encouraging improvement in demand for our raw asbestos.

Effect of Wheat Preference

Getting back to foodstuffs, it has already been stated that wheat dominates the Canadian sales picture. So many different factors have arisen in this picture in recent years that it is difficult if not impossible to give clear judgment as to the effect of the preference of 5 cents a bushel over non-Empire countries as far as Canada is concerned.

In the autumn of 1933, the Food Research Institute of Stanford University published a special study on the British preference for Empire wheat in which it concluded that Canada had been given a real preference over the U. S. in respect of hard wheat, and Australia in respect of U. S. soft wheat—but that neither country had been given effective preference over Argentine and Russia.

Subsequent events would seem to call for a modification of this statement although the issue was undoubtedly clouded by reason of the wheat board exploits of the late federal government which for almost 3 years held a "protective umbrella" over Canadian and world prices.

At least it is of interest to note that during the present year the British preference has had a definite effect in shifting sales of Danubian wheat which this year have been absorbed largely outside Great Britain, due largely to the operation of the British preference.

Cheese and Cattle Slip

On the wrong side of the ledger Canada must place 2 important agricultural commodities, namely, cheese and live cattle. With one exception Canada's sales of cheese to the United Kingdom have gone steadily down in the past 5 years both on the basis of dollar value and weight of cheese shipped. Our sales in 1935-36 of 529,000 cwt. are the lowest in more than a generation, so that the preference has apparently failed to stem a trend that has been developing for the past 25 years.

The almost complete elimination of Canadian live cattle in the British markets since 1934 is a typical illustration of the claim so often made that the British market is only a dump market as far as Canadian agricultural products are concerned, and that our shipments to that market ebb and flow with the rise and fall of prices and of marketable surpluses in this country.

Thus in the 12 months ending Mar. 31, 1932, we shipped 26,700 cattle to the United Kingdom valued at almost $2.2 millions. Two years later our sales had more than doubled to 54,000 valued at $3.5 millions. Almost to the end of 1934, sales were maintained at new high levels until suddenly the effects of restrictive marketing and control policies in United States raised prices in that country so that it became possible once more for Canadians to ship their beasts across the border rather than across the ocean. Still further impetus was given to this movement by the signing of the Canada-U. S. trade agreement at the end of 1935, so that for the 12 months ending March 31, 1936, our shipments of live cattle to Britain were less than 3,000 or about one-tenth of what they had been 4 years before.

Dairy Produce

Another "in and out" market for Canada is butter, our shipments to United Kingdom in the past 5 years having ranged from a low point of 4 cwt. in 1934-35 to a high mark of 87,000 cwt. in 1931-32. The 1936 figure was just over 71,000 cwt.

There has been more success in marketing dairy products in manufactured form. Thus sales of processed or condensed milk have thrown reasonably good growth and are sharply higher than prior to the Ottawa pact. Here again though the "inside" story is that Canada's sales of this product would have been considerably greater if Canadian producers had not been threatened with a restrictive quota if they pushed their sales beyond a certain point.

Other Broad Gains

Apart from this recital of gains and losses under the specific items of the Ottawa agreement, practically every other trade gain made by Canada in the past 4 or 5 years can be traced to the free entry accorded to Canada and other Empire goods under the British Import Duties Act of 1932 and confirmed subsequently for a 5-year period at Ottawa.

Notable items where our trade has thus improved are to be seen in sales of almost all kinds of iron and iron products. Automobiles, farm implements, hardware and cutlery, rolling mill products, iron and steel billets, ingots and blooms, certain kinds of tools, wire and manufactures thereof are cases in point. In short, our total exports of iron and iron products have risen from less than $4 millions 5 years ago to over $11 millions in the past fiscal year.

In the metals there have been striking gains apart recorded such as our sales of nickel which in 4 years have jumped from just over $1 million to $16.4 millions. Platinum sales have shown a spectacular gain and also aluminum.

In other fields special examples are sales of wooden doors which have gone from less than $3,000 5 years ago to $2.2 millions in the past fiscal year. Our sales of leather have shown steady and marked gains, especially sales of patent leather. Another striking increase has been in our sales of canned vegetables.

British Want Dump Duty

These important shifts in trade have not been without their repercussions. Thus British industry has within the past year brought very substantial pressure to bear on the British government to invoke dump duties against manufactured goods sold to Great Britain from overseas. This request recalls the fact that although Great Britain has since 1932 adopted the principle of tariff protection she has still upheld her traditional right to buy goods at the cheapest possible price—a policy which has earned for her over many years the title of the world's dumping ground.

Whether action will be taken following the new agreement now under discussion remains to be seen. In some quarters the feeling is expressed that as far as Canada is concerned, if pains were taken to remove one or two small but much-quoted examples of commodities which are supposed to be dumped by Canada in the U. K., the pressure to impose a general dump duty might be obviated.

Another comment is that dump duties as we know them in Canada are impractical if not actually impossible under the British valuation plan which (for duty purposes) takes the fair market value laid down in bond at the point of entry into U. K. rather than the fair market value in the country of origin.

British Criticism

The experience of the past 4 years has also led British manufacturers to feel they should have some protection against manufactured goods from a country such as Canada which are marketed in Great Britain without any tariff, whereas similar products or groups of products manufactured in Great Britain must pay a duty to enter the Canadian field.

A case in point is said to be leather, an important but controversial item of trade since the time 6 years ago when U. S. raised a final barrier to an international trade which for years had considerable proportions. With the profitable U. S. outlet cut off, Canadian manufacturers turned their attention to a greater degree to the British market and their interest was rewarded by the imposition of a 15% tariff against foreign leather which gave that much margin to Canadian or Empire product. Thus in the past 5 years Canada has more than doubled her sales of unmanufactured leather in U. K., the chief gain being in sales of patent leather.

British Viewpoint

Meanwhile at Ottawa, British manufacturers were given free entry on special leathers such as East India kip, pigskin and Morocco and were granted a 15% preference on dressed and sole leathers. (The British preference on this latter group is 12½% with a general and intermediate tariff of 27½%.)

British manufacturers now feel they should be able to enter the Canadian market without any tariff, since Canadian manufacturers have demonstrated their ability to sell their product not only in Canada but in England. The British also are reported to have spread rumors that Canadians were "dumping" their leather in England—a claim which Canadians vigorously deny.

Between these 2 points of view there is the fact that British leather makers have considerably expanded their plants under a system of tariff protection and are now importing much less leather than they used to. In the past, the ability of Canada to compete on what might be termed "competitive" lines has been largely due to inability of British producers to supply the needs of their own market. Once British producers reach any considerable volume of production, Canadian competition tends to disappear.

Canadian Viewpoint

Canadian manufacturers feel they can still compete successfully, however, in such lines as patent leather where due to deficiencies of climate the British product is considerably more expensive to manufacture. In the same way Canada does not object to Britain having free access to the Canadian market on specialty lines where as yet Canadian producers are not equipped to supply the home market.

Canadian manufacturers also point out that British leather firms have actually a larger margin of preference in Canada than the Canadian leather makers themselves. This is because the key tariff item 604 allows British leathers to enter under a 12½% duty against a foreign duty of 27½%. The British "margin" is therefore 15% (difference between 12½% and 27½%) and the Canadian "margin" only 12½%.

The example is very important as illustrating among other things the increasing tendency for each country to seek to defend by tariffs and preferences their new and growing industrial enterprises.

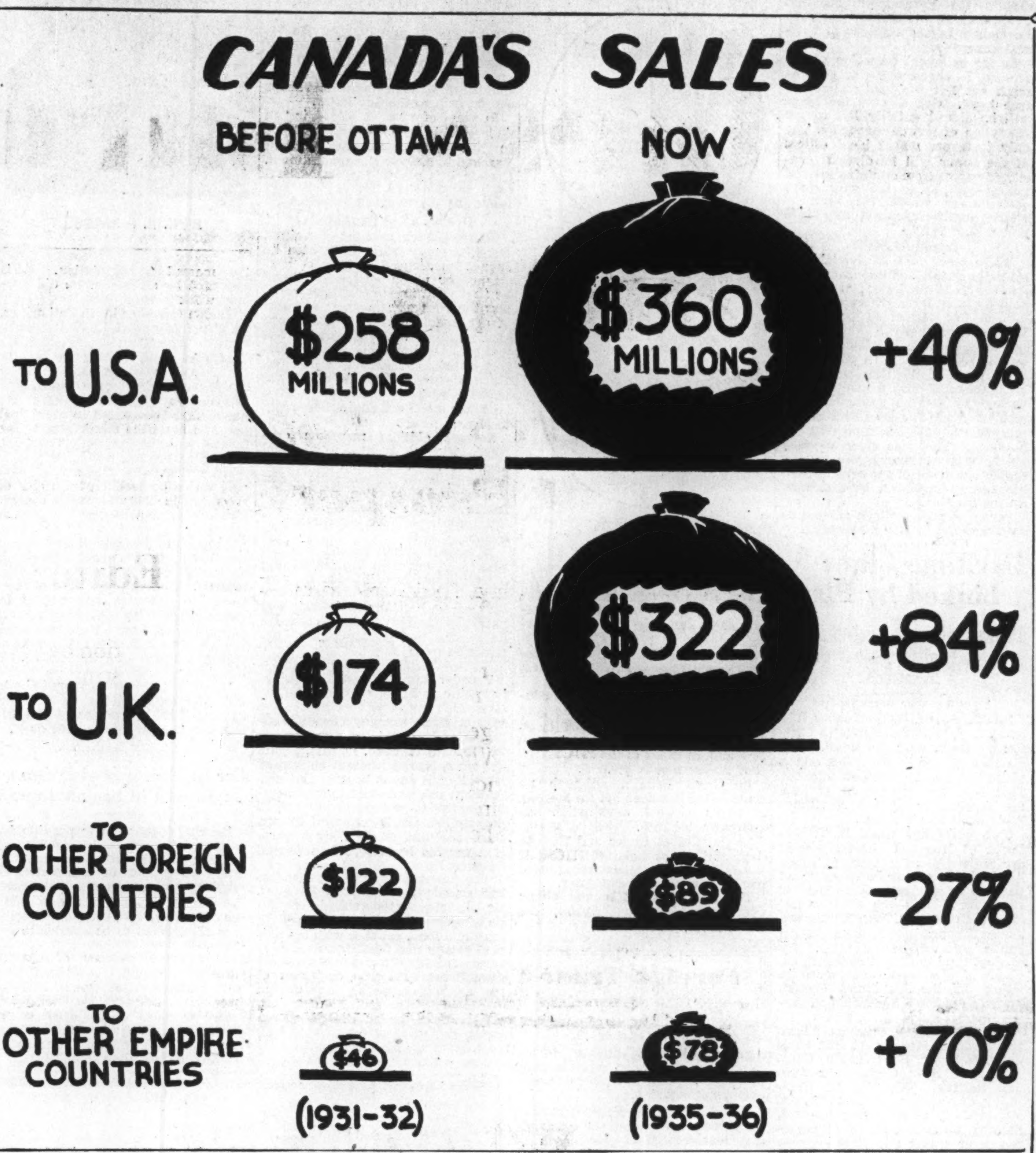
World Price Clause

Another contentious matter is the special clause inserted by Great Britain to ensure Empire wheat, copper, zinc or lead being sold in U. K. at "prices not exceeding the world prices and in quantities sufficient to supply the requirements of the U. K. consumers." At one time it was rumored Great Britain might act to invoke this clause when the operations of the old Canadian wheat board were tending to restrict the sale of Canadian wheat. Nothing was done, however, and the evidence seems to point to this clause having proved unworkable as a piece of administrative machinery.

Empire Content

Then there is the matter of Empire content—a subject to which the conference devoted considerable attention. Earlier in the life of the pact, criticism was made that Canada still continued to be a "corridor" through which U. S. merchandise was given the minimum of fabrication in Canada and sold in U. K. under the protective Empire preference. The action of the government at its last budget in adopting the findings of the Tariff Board, in respect of automobiles especially, has tended to dispel this criticism to a large degree.

It is felt that Canada is seriously trying to live up to the letter and spirit of Ottawa in this respect, and its substitution of the word "Empire" for Canadian content at that time, together with provisions for raising the percentage of this Empire content over a period of years, has had a salutary effect.



Canada's Sales to Gt. Britain Affected by Ottawa Agreement

Detailed Analysis of Trade Items Included Specifically in the Ottawa Pact of 1932

	Preference Granted	Previous Preference	Canada's Sales to U. K. 1931-32 $	Canada's Sales to U. K. 1935-36 $
(a) Items Dutiable for First Time at Ottawa				
Wheat	5c bu.	None	65,303,000	111,656,000
Copper	3.3c lb.	None	3,051,000	16,381,000
(b) Items Where Preference Increased				
Cheese	15 p.c.	10 p.c.	10,005,000	6,002,000
Dried Fruits	$2.10 cwt.	$1.40 cwt.	6,000	31,000
(c) Items Where Preference Was Changed				
Butter	$3 cwt.	10 p.c.	1,822,000	1,656,000
Apples (raw)	90c cwt.	10 p.c.	5,577,000	8,457,000
Pears (raw)	90c cwt.	10 p.c.	——†	——†
Apples (canned) ...	70c cwt.	10 p.c.	——‡	343,000
Eggs (in shell)	2c to 3.5c doz.	10 p.c.	97,000	235,000
Condensed Milk	$1 cwt.	10 p.c.	583,000	1,295,000
(d) Items Where Temporary Preference Becomes Permanent*				
Timber	10 p.c.	10 p.c.	3,253,000	13,926,000
Fish (fresh sea)	10 p.c.	10 p.c.	456,000	918,000
Salmon (canned) ...	10 p.c.	10 p.c.	3,646,000	4,190,000
Asbestos	10 p.c.	10 p.c.	151,000	367,000
Zinc	10 p.c.	10 p.c.	3,209,000	6,690,000
Lead	10 p.c.	10 p.c.	1,869,000	5,234,000
Tobacco	50c	50c	2,500,000	2,531,000
Lobsters (canned) ..			1,355,000	1,254,000
(e) Other Benefits*				
Live Cattle	Embargo removed		2,165,000	190,000
Bacon and Hams ...	Quota given		1,751,000	19,030,000
			106,800,000	200,386,000

* These preferences were for Canada alone; all other benefits were shared by other Empire countries.

† Pears are not segregated in trade returns.

‡ Not segregated prior to 1934.

Codfish Eaters Vanishing

Newfoundlanders are becoming fed up, figuratively speaking, with the salt codfish business.

Over the last few years, the industry has had to face trials and tribulations which would dishearten the most optimistic. To a country where this one industry is by far the most important from the national viewpoint, war, revolution and exchange difficulties in leading fish markets have meant serious privation.

The extent of the problem was perhaps first realized by the commission government, which has been actively pursuing development of other industries. In this endeavor it was subjected to rather severe criticism, particularly in regard to its land settlement projects. It is interesting to note that the gratifying results of some of the "back to the land" ventures have led a number of critics to change their opinion.

Advocates Fresh Fish

The latest development is a campaign by the Newfoundland Trade Review to promote more modern methods in the codfishery. States the Review:

"Events of the past year have shown how uncertain is the sale of salted codfish abroad. And worse than that, each check of this kind which the cured fish industry meets means more and more the divorce of tastes from salted foods.

"The world wants its foods fresh. It will not eat salted foods, for these find only a limited and steadily constricting market in certain sections—one of which happens to be Newfoundland itself. Only where development of refrigeration has lagged behind, are salted foods now popular, and each year sees the number of such localities reduced.

"It must, therefore, be apparent to everyone that the country which depends upon the export of salted foods is not only dealing in outdated products, but is playing a losing game with increasing difficulties yearly facing the sale of its products." It is pointed out, however, that the salt codfish industry will still occupy a very important, if diminishing, influence.

Market Difficulties

The trials of 1935 have been continued and new ones added this year so far as the fishery is concerned. Normally, Italy, Spain, Brazil and Portugal are the leading markets for Newfoundland codfish. The Brazilian exchange situation has been so tangled for several years that exporters must be prepared to wait a considerable period before obtaining payment—an unsatisfactory basis on which to conduct trade. Last year, the Italian market, already curtailed by exchange difficulties, was lost almost entirely when sanctions were applied at the time of the Ethiopian trouble. Despite lifting of sanctions, the Italian market continues closed pending some exchange agreement between Italy, Great Britain and Newfoundland.

This year, of course, the Spanish revolution has almost effectively shut off that market as well. Newfoundland exporters have $380,000 tied up in Spain and a further $140,000 in Italy.

The Portuguese demand has held up most encouragingly, and sales in the first 9 months of the year have totalled about 170,000 quintals, as compared with 220,000 quintals in all of 1935. The Jamaica and Brazil markets have also shown slight improvement, and about 60,000 quintals have been shipped to Greece.

Production Sharply Reduced

In view of the reduced markets, the sharply lower catch this season is not as unfortunate as it might have been. Compared with last year's near-normal catch of 1,250,000 quintals, estimates place this year's haul at only 900,000 quintals. About 200,000 quintals of the decrease has been experienced in the shore fishery; the balance in Labrador production. Cod liver oil production is expected to be the lowest in years.

Prices, however, have been at a materially higher level this year, and those who have secured a normal catch may find themselves better off than for some years.

Gold Prospects Dim

Apart from the fishery, the major disappointment has been failure of gold prospecting to uncover commercial ore bodies. Reports of the extensive mineral investigation programme conducted this summer are not yet complete, but word from those exploring some of the more promising gold prospects has not been favorable.

Other mineral activities are more encouraging.

Conditions at the Wabana iron mines are not as good as earlier in the year. The 2 operating mines are back on a 3-day-week schedule due largely, it is reported, to cancellation of contracts with Germany.

Activities of the 2 large paper companies, Anglo - Newfoundland Development Co., and International Power and Paper Co. of Newfoundland, on which the country has come to depend so much for prosperity, are at capacity.

Revenues Climb

In the face of poor conditions in the country as a whole, the enigma which is puzzling Newfoundland is the continued increase in government revenues. September income totalled $2,720,791, compared with $2,355,019 in the same month a year ago, most of the increase being attributable to higher customs receipts.

R. B. Ewbank, recently appointed commissioner for natural resources, is making a survey of conditions.

Bank Chat

Home Owners' Loans

IN EMBARKING on a government-fostered attempt to lift the long-depressed construction industry to a more normal condition, the chartered banks have taken a step which will meet with Dominion-wide approval. For some time there has been a feeling, even among some of the banks' staunchest friends, that perhaps they have been "a wee bit o'er cautious" in making loans.

This is not to be confused with the credit starvation claims of radical agitators. Rather it has emanated from those who believe the bank has 3 major responsibilities—to depositors first of all, to the country at large, and to shareholders. They suggest that the banks have been so occupied in looking after the first of these that the others haven't been given the consideration they deserve.

On the other hand, the bankers claim that as trustees, they cannot afford to gamble with depositors' money. In guaranteeing 15% of the aggregate loans made to repair dwellings, the government has provided the necessary "cushion" to induce the banks to undertake this type of business. In effect, the development means simply that character loans will be made for a specific purpose, with the federal government endorsing applications up to 15% of the total.

* * *

The Old Order Passes

WITH appointment of new officers last week, the switch in management of the Bank of France from a board of regents to virtual government control has been completed.

The final move was not without drama. Always temperamental, a meeting of 1,300 of the bank's 40,000 shareholders indulged in what news agencies described as "uproarious protests" against the new status of the bank. The only practical form this opposition could take, however, was in the appointment of the 3 auditors, or censors. Three representatives of the "200 families" which formerly guided the bank's destinies were elected.

Thus passes one of the oldest systems of bank management. Founded by Napoleon Bonaparte early in the 19th century, much of the law governing the bank remained intact since. For practically the entire period, capital has been privately owned and is now in the hands of about 40,000 shareholders, less than 100 of whom own individual holdings of more than 100 shares. More than two-thirds hold only one or 2 shares.

* * *

Bank Hospitality

THE Bank of America, largest American bank west of New York City, and one of the staunchest advocates of a branch banking system in the States, apparently did itself proud at the American Bankers' Association convention in San Francisco.

On the night of the formal ball, the bank sent a corsage of 2 orchids to each of the bankers' ladies in attendance. Each banker was given a taste of real hospitality in a package of 7 bottles of assorted California wines. Chartered for 3 full days, air liners took some 600 bankers on half hour sight seeing tours over the harbor.

It was all in the day's fun.

Incidentally, San Francisco merchants are said to have taken the old saying "a bill broken is a bill spent" to heart. When a dollar is required as change, a bill is never offered. Instead, silver is handed out, the idea being that loose change is spent "without thinking."

Staff Changes

The Canadian Bank of Commerce has announced the following changes in staff:

H. W. LAPP, formerly manager at Rideau St., Ottawa, to be manager at Brockville, Ont.

L. A. FINNEY, formerly manager at Tamworth, Ont., to be manager at Listowel, Ont.

L. P. DELLAIRE, formerly assistant inspector at Montreal, to be manager at St. Catherine & City Hall, Montreal.

F. KERR, formerly manager at St. Catherine & City Hall, Montreal, to be manager at Rideau St., Ottawa.

The Bank of Toronto has made the following appointment:

J. M. REINHEIMER, formerly accountant at Assiniboia, Sask., to be acting manager, succeeding G. M. S. COWAN.

The Royal Bank has announced the following staff changes:

G. D. MACMICHAEL, formerly manager at Barrington Passage, to be manager at Shubenacadie, N.S.

J. L. SHELTON, formerly at head office, to be assistant manager at Calgary.

H. S. Y. THURSTANS, formerly manager at Sarnia, to be manager at Bay & Temperance, Toronto.

C. B. NEAPOLE, formerly assistant manager at Toronto, to be inspector at the supervisors department at Vancouver.

E. I. VICKERS, formerly assistant manager at Calgary, to be manager at Medicine Hat, Alta.

F. B. BAGLEY, formerly accountant at Wolfville, to be manager at Barrington Passage, N.S.

H. B. WILSON, formerly manager at Peel & Sherbrooke, Montreal, to be manager at Greene Ave., Westmount.

H. R. TYNER, formerly manager at Niagara Falls, to be manager at Sarnia.

A. W. ALLAN, formerly manager at Greene Ave., Westmount, to be manager at Peel & Sherbrooke, Montreal.

C. D. SANDERS, Medicine Hat, and F. J. A. POOL, Cabri, Sask., retire on pension.

Regard Housing Loans Temporary Expedient

Banks Anticipate Dominion-Wide Service by Nov. 1 — Mortgage Companies May Be Included in Government Agreement

Bankers regard the $50 millions "home repair loans" arrangement between the Federal Government and the chartered banks as purely a temporary expedient designed to aid the construction industry and business generally.

While no estimate of the probable amount involved is forthcoming, it is frankly stated that the greatest volume of spending is anticipated from individuals other than borrowers.

There is a possibility that the loans may be available from financial institutions other than banks. Mortgage companies have the matter under consideration at the present time, and a decision is expected very shortly. The hitch is that these companies are not permitted by law to lend against notes. Investigation now centres on whether or not their powers in respect to mortgages will apply.

Begin November 1

By Nov. 1 the chartered banks expect to be in a position to meet demands for "home repair" loans from coast to coast. Initial loans have already been considered at Windsor, Ontario, and as soon as regulations approved by the Federal Government have made their appearance, the scheme by which advances will be made to home owners for rehabilitation purposes will spread over the entire network of branches.

What will be the actual effect of the agreement between the banks and the government in loosening up credit is a matter of considerable conjecture. There is a maximum of $50 millions which can be issued by the banks under the new arrangement. It appears unlikely this figure will be approached for some time at least. The banks will probably be quite anxious to make the loans, but will certainly exercise due care to ensure that borrowers are good risks.

New Development

Insofar as the banks are concerned, the new venture is one into unknown territory. There is no precedent in Canadian banking history so far as the Federal Government is concerned. Perhaps the nearest approach is found in the government-guaranteed advance to the Canadian Pacific Railway a few years ago. But in that case, the loan was fully guaranteed and it was made to a large corporation with enormous assets.

Under the plan announced last week, the banks will cater to a new type of borrower, with no security other than a 15% government guarantee and the character of the borrower. There is no collateral or endorsement. The government guarantee, it should be emphasized, applies not to individual loans, but to the aggregate. Thus a bank which suffers a $15,000 loss on total loans of $100,000 is fully protected. While government backing requires approval of Parliament, which does not meet for some time, it is felt there will be no question of that approval being given.

Some Claim Plan Unsound

It is known that not all bankers are pleased with the arrangements. Some have regarded anything to do with installment loans with a very jaundiced eye. Advances with a maximum time limit of 3 years are to be repaid in installments, either monthly, or to suit the borrower. And some stress the fact that the scheme encourages a relatively poorer class of people to go into debt. It is generally admitted, moreover, that considerable care will be taken in advancing funds. As in the case of all character loans, investigation into the circumstances of the applicant and also the purpose for which the loan is to be used will be required. Details of employment, income and outstanding obligations are asked for on the application form. The banks point out that they still are acting merely as trustees for money entrusted to their care and must observe the usual precautions.

On the other hand, the fact that considerable investigation work will have to be undertaken, coupled with the relatively small size of the loans, means that overhead cost will be high. Loans cannot exceed $2,000, yet bookkeeping expense and general overhead will be comparable with those of much greater amount. No service or insurance fee will be charged by the banks. Consequently, it is likely that a serious effort will be made to obtain as large a volume as possible to cut down on carrying charges.

Small Effect on Earnings

It seems unlikely that the "repair" loans will make any substantial contribution to bank earnings. The effective interest rate of 6.32% is exceptionally low for this type of loan, despite the government backing. Profit-making possibilities seem to lie mainly in any impetus to business generally.

So far as actual operation of the scheme is concerned, the government has left the banks almost a free hand. Granting of the loans will be almost entirely left to the discretion of branch managers. The only instances where head offices of the banks will be directly concerned—apart from outlining general policy—will be in the very small communities where the limit to which branch managers may lend is less than $2,000.

Dominion Wide

While loans will be available in all parts of the Dominion, some are dubious as to the extent of lending activity in Alberta, where debt legislation has caused so much stir. Windsor has received considerable publicity because the lending plan began there 2 weeks in advance of other parts of the Dominion. The explanation is that a similar plan, backed by private guarantee, was mooted in the Border Cities before the government's intention was announced. This was shelved when the government plan began to take shape, but much of the organization machinery developed at that time can be used now.

For effects of new loan scheme on construction industry see page 11.

Bank of Canada Weekly Statement

Balance Sheet

Liabilities	Oct. 14 $	Oct. 7 $
Capital paid-up	10,100,000	10,100,000
Notes in circ.	130,898,509	130,563,606
Rest fund	173,092	173,092
Dep.: Dominion	15,929,029	13,711,542
Banks	175,965,378	175,740,092
Other	226,341	86,345
Total deposits	192,121,148	189,537,978
All other liabs.	2,582,698	2,904,183
Total liabs.	335,875,447	333,278,859
Assets		
Reserve: Gold	179,439,582	179,424,186
Silver bullion	1,876,723	1,876,722
Res. in sterling	324,234	1,478,538
Res. in U. S.	3,520,094	729,700
Total reserve	185,160,633	183,509,146
Subsidiary coin	226,754	215,209
Advances	3,000,000	3,000,000
Investments:		
Dom. govt. short	50,877,134	50,253,693
Other Dom. govt.	93,368,573	93,254,092
Total invest.	144,245,707	143,507,785
Premises	272,235	272,235
All other assets	2,970,117	2,774,484
Total assets	335,875,447	333,278,859
Reserve ratio	57.32%	57.32%

Maritime Cities Linked by Plane

Time Between Saint John and Halifax Now 90 Minutes

From Our Own Correspondent

SAINT JOHN, N.B.—It takes 10½ hours to go from Saint John to Halifax by train, over 278 miles. The distance by air is 140 miles and a plane can clip it off in 90 minutes. That is a typical example of how the topography of the Maritimes lends itself to air travel.

Two years ago when R. T. McCully, of Moncton, himself a flier, and the organizer of Eastern Canada Air Lines, Ltd., pointed this out and tried to raise money for a fleet of airplanes to link the major cities of New Brunswick, Nova Scotia and Prince Edward Island, the investing public proved unreceptive. He marked time until last spring, then, within a few weeks, succeeded in selling in the Maritimes enough stock to finance 5 5-passenger twin-engined Monospar S. T. 25's.

Built in England, these have been assembled at Moncton to link Saint John, Moncton, Summerside, Charlottetown, New Glasgow, Sydney and Halifax. With W. M. Humphrey, of Moncton, as president, and Mr. McCully as managing director, Eastern Canada Air Lines hopes passenger travel and light express will alone warrant the investment. The company is, however, definitely in the market for an air mail contract when the trans-Canada service is resumed.

Also hoping for an air mail contract is Maritime Airlines, a small company backed by Thomas Thompson, of Saint John, which has issued no stock. Maritime Airlines, which beat Eastern Canada Air Lines by 4 months in establishing the first Saint John-Halifax air passenger service, has been paying its own way and is contemplating expansion. Under its schedule a traveller can clip 5 days from train time between the 7 points the service links.

Weekly Bank Clearings

	Oct. 14 1936 $	Change Year Ago %	Oct. 8 1936 $
Halifax	1,990,960	—10.6	2,804,004
Saint John	1,497,996	— 1.7	1,979,693
Moncton	626,216	—13.2	786,618
Sherbrooke	507,824	— 8.6	760,244
Quebec	3,730,050	— 6.8	6,740,239
Montreal	130,214,990	+46.4	104,406,543
Ottawa	14,697,786	—55.6	29,408,330
Peterborough	564,324	—13.7	699,195
Toronto	98,493,930	— 4.2	136,546,963
Hamilton	3,872,756	—0.08	5,620,951
Kitchener	837,422	—22.1	1,251,240
Kingston	511,923	—1.5	650,591
Brantford	800,232	— 6.0	1,146,358
London	2,163,275	—14.9	3,127,687
Chatham	428,816	+62.6	537,401
Windsor	2,099,713	— 3.5	2,711,545
Sarnia	334,584	—18.8	501,862
Sudbury	863,705	+ 2.1	864,207
Fort William	556,913	— 7.7	861,370
Winnipeg	65,259,699	+ 1.7	89,489,377
Brandon	316,368	— 1.9	454,766
Regina	5,153,256	—20.1	8,303,086
Moose Jaw	741,507	—11.6	935,122
Saskatoon	1,767,009	—20.3	2,236,158
Prince Albert	369,746	— 7.4	496,525
Edmonton	3,767,750	— 4.5	4,334,257
Calgary	5,668,230	—41.6	7,412,508
Medicine Hat	231,926	—30.3	313,646
Lethbridge	489,520	—18.0	532,960
N. W'minster	563,577	+ 5.1	742,582
Vancouver	15,392,205	+ 3.6	22,384,949
Victoria	1,523,287	+ 1.5	2,333,026

CURRENCY DEVALUATION

In Relation to 1928 Gold Content

GOLD MEASURE

While the French franc was generally admitted to be seriously overvalued in relation to other currencies just before the recent devaluation, it is of interest that in recent years it has shown the greatest cut in gold content.

Taking 1928, prior to the devaluation in that year, as 100, the gold content of the franc has fallen to 14. The 1928 devaluation amounted to 80% and, in terms of the 1928 parity, that of last month 6%.

In Great Britain, although no fixed value has been set for sterling in terms of gold, devaluation has approximated 38%.

In the United States and Canada devaluation has been 40%, despite the fact that no official recognition has been made in this country.

The shaded areas in the above chart represent devaluation; the white areas, gold content.

Foreign Trade

Weekly foreign trade news summarized by Commerce Reports, Washington, to October 10.

Chile — Holiday buying during September stimulated retail buying, and gave impulse to wholesale trade and manufacturing.

Bolivia—Issuance of new exchange regulations constituted the outstanding development of the month in business circles, and dealers in imported luxury goods have become very pessimistic over the outlook.

Ecuador — The general buying power struck a new low level in September.

Costa Rica—A materially improved tone in trade has proved encouraging to merchants.

Haiti—The new coffee crop is ready for marketing, but low-price offerings retard the movement.

British Guiana — The anticipated approaching activity in sugar grinding is looked to increase the circulation of funds.

Trinidad—Dullness continues to mark the commercial trend and little improvement is looked for before November.

Japan—Stock market and commodity prices were unsettled last week; cotton spinners' earnings fell somewhat in the first half of this year and dividends were reduced, owing to unfavorable yarn prices and smaller exports of cloth.

Poland—Heavy imports of industrial raw materials in August as against only a slight rise in exports produced an adverse balance of trade for the month, which is somewhat unusual.

Germany — Industrial production index for July at 111.1 was the highest for the post-war period.

Egypt—Import trade in July was smaller this year than last and exports slightly higher, the reduced adverse balance offsetting to some extent the unfavorable comparison with last year in earlier months of 1936.

Union of South Africa — General business remains buoyant, with foreign trade showing a marked expansion.

Manitoba's Treasurer Bondholders' Delight

Hon. S. Stuart Garson Insists Bills Be Paid on Dot

SCOTCH CONSCIENCE

From Our Own Correspondent

WINNIPEG.—Hon. S. Stuart Garson, Manitoba's new provincial treasurer, has a background calculated to cheer the heart of even a disillusioned present-day investor.

Ever since he was 20 years of age—and that is only 18 years ago—he has been superintending financing for Manitoba municipalities. He has a Scottish conscience and always insists that bills be paid in full and on the dot. He is equally insistent that the other party to the deal keeps the bargain to the last letter.

In view of what is happening in Alberta, it is believed these qualities in Mr. Garson swayed Premier Bracken in making the appointment. Certain it is that the treasury portfolio in Garson's hands will not cause any alarm among investors.

Doesn't Lack Confidence

Stuart Garson is short of stature, but like many other little men he cannot be accused of lack of confidence or undue modesty. When he first went into the legislature he was the youngest member; 28 years of age and looked younger. Boyish shyness, however, was absent. His youthful enthusiasm goaded him into criticizing both friend and foe. He was often on his feet and when he sat down there were usually 3 or 4 irritated members anxious to reply to him.

Several oldtime members considered him a nuisance and were not backward in telling him so. Others, however, while agreeing he spoke too long and too often, predicted a future for the little fellow. The latter appear to have had the correct angle.

In recent years Garson has not spoken so much in the legislature; his criticisms have been more considered. The result is that members are now willing to listen to him patiently for they know that when he speaks he has something constructive to say.

Retrieved Seat

Premier Bracken and his cabinet have always had a great respect for Garson. They remember that in the 1922 election the government candidate at Fairford lost his deposit. In the next election, in 1927, young Garson captured the seat by a good majority. It wasn't because the government was a great deal more popular in the constituency, but rather that the candidate was well known there and had made a big impression for his handling of municipal finances.

The new provincial treasurer has had excellent drilling for the post. He has few interests outside of public affairs. His willingness to work hard and long, coupled with his natural ability and legal training, have resulted in his being named on many committees. He was chairman of the committee which investigated circumstances surrounding the closing down of the provincial savings bank; chairman of the private bills committee and also headed the committee which considered metropolitan massed transportation. It is conceded by all parties he did yeoman work in these posts.

HON. S. S. GARSON

Garson was born in St. Catharines, Ont., in 1898 and came to Winnipeg with his parents at the age of 3. He graduated with honors in law in the University of Manitoba. When 20 he moved to Ashern, Man., and returned to Winnipeg in 1928. He has always specialized in municipal law and has been administrator for several Manitoba municipalities. He is married but has no children.

His father, who died a few years ago, was a controller of the city of Winnipeg in 1906 and was to a great measure responsible for the present city hydro.

Garson is a serious-minded young man. He takes a mild interest in sports but cannot find time to play himself. When he gets tired of hard work he goes on long sailing or canoe trips. He never carries a gun but has always a moving picture camera with him. He never tires of taking pictures of Manitoba's wild life.

His chief ambition appears to be to put Manitoba solidly on its feet again and if hard work and enthusiasm can accomplish it, he'll do it.

Credit Union Legislation Is Sought in Saskatchewan

Seeking legislation to provide for a system of co-operative saving and loaning, a delegation from the Co-operative Union of Saskatchewan recently waited on the provincial government. Although details of the plan have not been announced, it is understood to be similar to co-operative credit unions now operating in some sections of eastern Canada. It would, it is claimed, provide a means of saving and borrowing on a co-operative, non-profit basis, members of the organization paying into a common fund a certain set amount monthly, and being entitled to negotiate small loans.

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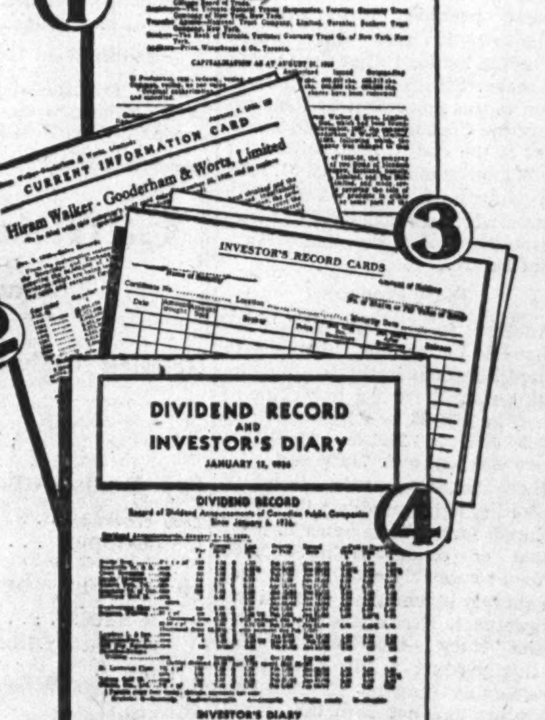

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Says Policies May Require Safety Valve

C. C. Ferguson Suggests Provision For Increased Premium

RATES VIEWED

That life insurance companies may be forced to insert a provision in their policies giving the insurer the right to increase the premium at stated intervals, is the drastic proposal made by C. C. Ferguson, general manager, Great-West Life Assurance Co., Winnipeg, speaking last week to the American Life Convention at Dallas, Texas.

Mr. Ferguson traced the major changes that have taken place in respect of interest rates in the past few years and stressed the point that an entirely new factor had entered the picture since the departure from a rigid gold standard, namely, deliberate governmental management of these rates.

New Complication

Tracing the way in which this policy had accelerated the natural forces operating toward lower interest rates, both in Canada and in other countries, Mr. Ferguson suggested that if governmental policy has been effective in arbitrarily changing interest trends during the past few years, "can we expect that governments will, in the future, at least attempt to continue the process?

"Money management by governments is now definitely present in the economic system and it seems to me that interest management is an inevitable corollary. If I am right in this, the difficulty of accurately forecasting interest trends has become multiplied because there have been introduced into the picture human motives and influences which are well-nigh incalculable.

Public Opinion Important

"In estimating the effect which governmental management of money will have on future interest rates, public opinion cannot be ignored. In Canada the present low level of interest rates, partially caused as it has been by artificial means, has become in many minds the natural, desirable and permanent thing. So much is this the case that there has arisen a considerable impatience with the continuance, on existing contracts, of interest rates which a few years ago would have been regarded as quite moderate.

"While there is still a general abhorrence of defaulting on principal there is a growing indifference with respect to interest commitments and ingenious arguments are used to prove the impossible, namely, that a breach of promise to pay interest is not a breach of promise. In short, the public mind is obsessed with a low interest complex which is sure to be influential on public policy, though, like all obsessions, it may be illogical and injurious.

Life Insurance Chief Sufferer

"As I see it, life insurance is to be the chief sufferer from this obsession. There is no animus felt against life insurance—quite the reverse—but it so happens that life insurance is the largest financial institution which depends in considerable degree upon fair interest rates over long periods.

"Life insurance, therefore, is in a position of special vulnerability. The attackers are numerous and widely distributed as regards class. Most of them are quite unaware what citadel they are besieging and, if they realized the true facts, would immediately join the defenders.

"This, then, becomes our very difficult task—to convince the policyholders, who are almost as numerous as the voters, that their interests, as policyholders, can and may be injured to a greater extent than their interests, as citizens, are likely to be advanced by unwise money management or by arbitrary debt reduction measures.

Start With Handicap

"In this missionary effort we start with one practical handicap, because we cannot and will not use vituperation and inflammatory harangue, which, unfortunately but undoubtedly, have a great effect on unthinking people. Slurring references to 'Big Interests' or 'Big Shots' prove nothing, but they do move audiences and, since the alleged public enemies are mostly imaginary, the punishment intended for them usually falls upon innocent parties or recoils upon the would-be punishers.

"If there are interests that work in opposition to the welfare of the common people, they are not to be found in the ranks of policyholders, depositors, and small investors, or among those charged with the duty of administering, in a spirit of stewardship, the business of such persons. On the other hand, we start with a great advantage, namely, that life insurance has served its clientele so well and is so papular with a large majority of the people that they are ready to become our allies when they are apprised of the facts and when they realize the need we have for their co-operation.

Callable Securities

"Another disturbing factor in making forecasts is the growth and popularity of the 'call' feature of corporation and other bonds. Since the value of this feature has been amply demonstrated by recent events, it may be predicted that few bonds will be issued in the future without call rights. The result will probably be that the average future yield on bonds will be somewhat below the level that, except for the call feature, would normally be obtainable on such investments.

"Life insurance companies are and will continue to be large bondholders. The call feature will be ruthlessly applied against them and the question arises as to whether the life companies, not merely in self-defense, but for the benefit of insurer and insured alike, should not themselves make use of the call idea. We could not, of course, reserve the right to call in our policies for redemption at their cash value or other pre-determined figure. That would be grossly unfair to policyholders who have become uninsurable. We could, however, insert a provision in the policy giving the insurer the right to increase the premium at stated intervals, with perhaps a maximum limitation.

"For a policy containing such provision the initial premium might well be considerably less than would be otherwise necessary. As companies would certainly exercise the call privilege with great reluctance, no unfair treatment of policyholders need be apprehended and the plan would add much to the stability of life insurance as an institution.

"While this suggestion has been developed from the analogy of the call feature in bonds, the proposed policy provision differs so much from that used in bonds that it should not be given a similar designation. Some term should be used which would indicate the true purpose of the provision, namely, to act as a sort of safety-valve for the protection of insured and insurer. The provision would probably be necessary only in non-participating policies."

September Sales Slightly Higher

Sales of new ordinary life insurance rose 1% in September compared with the same month last year, according to figures released this week by Sales Research Bureau. The total for Canada and Newfoundland was $26.9 millions compared with $26.7 millions in September, 1935.

Gains and losses were unevenly distributed by provinces with Alberta, Manitoba, Nova Scotia, Ontario, P.E.I. and Saskatchewan showing small increases for the month.

Comparative figures follow:

Ordinary Life Sales

(a) Sales by Months, 1933-1936: ($000's omitted)

	1933	1934	1935	1936
Jan.	28,923	27,718	32,968	34,221
Feb.	28,095	29,036	28,716	30,474
March	31,768	32,564	31,416	31,664
April	30,501	33,296	28,900	30,147
May	31,916	33,134	27,423	28,977
June	34,114	32,277	32,112	32,277
July	32,165	33,951	32,155	32,573
Aug.	29,749	26,650	26,854	25,011
Sept.	27,443	26,123	26,696	26,966
Oct.	33,435	31,342	30,416	....
Nov.	36,061	35,863	35,158	....
Dec.	36,967	27,691	36,550	....

(b) Sales by Areas (000's omitted)

	Sept., 1936	Sept., 1935	Aug., 1936
Alberta	889	879	1,095
British Columbia	1,880	2,171	2,192
Manitoba	1,542	1,402	1,440
New Brunswick	669	706	882
Nova Scotia	1,277	1,034	1,173
Ontario	12,078	11,454	10,143
Prince Edward Island	108	87	109
Quebec	7,096	7,721	6,835
Saskatchewan	1,245	988	853
Newfoundland	182	254	289
	26,966	26,696	25,011

Lauds Record Of Uniformity

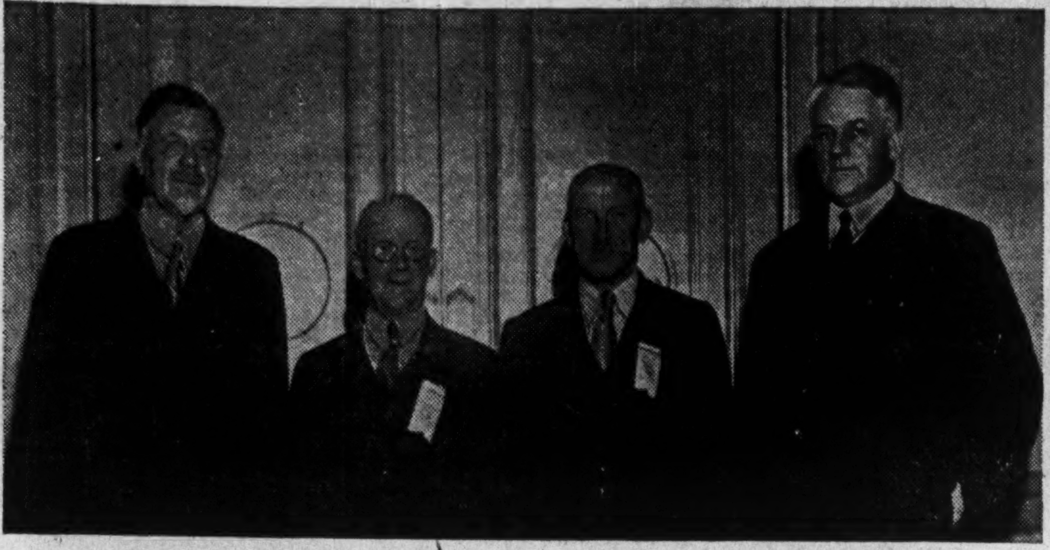
Ontario Insurance Supt. Points to Unparalleled Achievement

That the Canadian provinces had attained an unparalleled record by having made a general revision of the uniform provincial life insurance law involving upward of 35 isolated and distinct amendments, was the message brought last week to the American Life convention at Dallas, Texas, by Hartley D. McNairn, superintendent of insurance for Ontario.

"Uniformity of law throughout a federation of states, such as the United States, or Australia or Canada, is one thing," said Mr. McNairn. "The maintenance of that uniformity once attained over a period of more than a decade is quite another, and possibly a more difficult, thing; but a more or less general revision of such a uniform law involving upward of 35 isolated and distinct amendments is a third and quite unparalleled thing. The uniform life insurance laws of the Canadian provinces have been through all these stages during the past 15 years. July 2, 1936, being the actual date upon which the third stage was successfully attained."

Mr. McNairn traced this growth back 21 years to the time when the late Eugene Lafleur told the Canadian Bar Association that "the law of insurance in Canada presents an example of wasteful and unnecessary discordance. Each province has an insurance law of its own and while these systems are not differentiated by any fundamental principles, they abound in minor diversities calculated to produce conflicts and uncertainties . . . How much better it would be for insurers and insured if we could standardize the policy conditions and have a uniform act by all our legislators."

Mr. McNairn traced the growth of this idea from 1915 to the present day and stressed the fact that every interested group or body is invited and encouraged to place objections and recommendations regarding proposed changes before the standing committee on life insurance legislation of the provincial superintendent, with the result that "our conference has never recommended any changes in the law without the unanimous approval of all interested parties represented."



ONTARIO AGENTS' OFFICERS

Among the officers chosen last week to guide the destinies of the Ontario Fire and Casualty Agents' Association in the coming year are the 4 men above photographed at the convention. From left to right they are: Charles Priestman, Toronto, perennial secretary-treasurer; T. E. Clendinnen, Ottawa, past president; S. O. Mason, Welland, president; and A. D. Stewart, vice-president.

For some years, the association has advocated more stringent qualification requirements for agents writing insurance in the province and has zealously safeguarded its field. Most important of the matters discussed at this year's convention centred about licensing standards. The insurance department reported 397 applications for licenses had been refused in the last year.

Strict Agency Standards Are Enforced in Ontario

More Than Half of Would-Be Agents Turned Down By Insurance Department

The agents' advisory board of the Ontario insurance department refused 397 persons the right to enter or continue in the insurance agency business during the license term ended Sept. 30, 1936.

In the feature report of the Ontario Fire and Casualty Agents' Association at Toronto last week, Charles Johnson, chief agency officer for the province, pointed to this fact as indicative of the value of the present system of licensing.

Mr. Johnson pointed out that the policy of the department is now to refer all new applications for license to the advisory board, and that since this policy became effective 2 or 3 months ago, the number of new applications has declined. The Ontario system, he contends, is "second to none" in increasing the standard of those who write insurance.

Approve Less Than Half

In the license term ended last month 264 applications for licenses and for renewals were considered by the board. Of these only 117 were granted. In addition, 42 applications were declined directly by the superintendent and 91 agencies were terminated by the companies which had recommended the license applications.

The attitude taken by the insurance department is at odds with that recommended by the association, however, as far as licensing of agents is concerned. For years the agents have recommended that licenses be granted only after successful completion of entrance examinations. Opinion at this year's convention was unchanged. Agreement was indicated with the contention of Albert Dodge, of Buffalo, one of the luncheon speakers, who stated that such a provision in New York State "has done more to stabilize and improve the business of insurance than any other statute that we have on our books."

Would Ban Lawyer Agents

Licensing of lawyers as agents was the subject of some discussion. At the present time, only one of the partners in a legal firm requires to be licensed in order to transact insurance; in insurance agency partnerships or companies all partners or officers must take out individual licenses. It is understood that before the next session of the provincial legislature, the association executive will take the matter up with the attorney-general. The gist of their proposal is simply that legislation be enacted by which the superintendent of insurance cannot grant licenses to practising lawyers, or to their employees. Similar legislation was introduced at the last session of the House, but was dropped after first reading.

Approve Joint Committee

Approval was expressed of the work being done by the Joint Committee on Definition and Interpretation of Underwriting Powers. The efforts of the committee in ruling in which classification of insurance various risks fall have been of considerable value to the agent.

Little comment was made by the agents in respect to the increase in fees effected by Order-in-Council last June. It was on the recommendation of the association, along with the Toronto Insurance Conference, that this measure was passed. It was reported, however, that the higher schedule had resulted in an influx of questions to the insurance department, and certain of the most popular queries were explained to the delegates.

Partnership Licenses

Many of the questions have dealt with licensing of corporations and partnerships. The department has explained that in the case of a partnership it is necessary for each member of the firm, whether active or inactive, to make application for license and to pay the required fee. All officers of a corporation who are authorized to act for it in transacting insurance business must follow a similar procedure. The point to be stressed is that all members of a partnership or officers of a corporation should make application and pay individual fees.

It was pointed out that, following sale of an agency business, if the vendor continues to aid the purchaser in negotiation insurance for clients of his former agency, and receives payment for doing so, both parties are breaking the law. Insurance companies have also been served notice that the department is going to make a periodic inspection of their books and records to see that so-called employees are not being paid commission and bonus in addition to salary.

Suburban Agents' Fees

A further point brought out at the convention concerns the activities of agents in suburbs of metropolitan centres. An agent living in a small community adjacent to a larger centre is required to pay the fee demanded of those writing business in that population group only so long as his activities are confined to the smaller municipality. If he does any business in the larger area, the license fee applicable to that population group will apply. To enforce this ruling, the department may inspect the books of agents who pay low fees.

The association has asked that the insurance superintendent thoroughly investigate finance companies with a view to refusing a license to any agency which may hold an interest in them.

Executive officers elected at the convention were as follows: President—S. O. Mason, Welland; vice-presidents—R. Patterson, Owen Sound; A. D. Stewart, Ottawa, and F. C. Thomson, Hamilton; secretary-treasurer, C. Priestman, Toronto.

Insurance Inklings

F. W. LLOYD has been appointed manager for Windsor division of Confederation Life. For the past 5 years he has been district manager for the company at Niagara Falls.

J. D. VAIR was recently appointed provincial manager for Sun Life of Canada in Nova Scotia. He succeeds **W. W. BARRY** who held that position for the past 10 years and has now been appointed Sun Life manager at Pittsburgh.

E. E. REID, general manager of London Life, recently marked the 42nd anniversary of his joining the company.

HUGH J. COOK has been appointed city manager of the London Life industrial agency at Montreal. He succeeds **NORMAN FREEMAN** who has been transferred to London, Ont., as city manager.

JOHN R. BINNING has been appointed manager of the new Stratford office of Great-West Life. Mr. Binning will be district manager for Perth County. The new office will form part of the London branch of the company's agency organization.

HAROLD T. FOY has been appointed city manager of London Life industrial agency at Windsor, Ont. He succeeds **F. B. SIZE** who is retiring after 17 years in that office. Mr. Size's record with the London Life extends over 35 years.

W. A. J. GILES has returned to Peterborough as divisional manager for Confederation Life Association. Mr. Giles entered the company's service at Peterborough in 1929, became district manager there a year later and in 1931 was made manager at the Porth Arthur-Sault Ste. Marie division. He is succeeded by **R. A. ELLIS**, formerly special representative for the association.

R. H. MARCH has been appointed branch manager in Northern Ontario for Monarch Life Assurance Co. Mr. March returns after 6 years to Monarch Life which he joined originally in 1928.

W. H. EASTE, of Winnipeg, led the entire field force of Monarch Life in a sales campaign conducted in the past 3 months.

W. S. PENNY, director of agencies, Sun Life of Canada, will address the annual meeting of the Life Insurance Sales Research Bureau at Chicago, Nov. 10. His subject is: "Compensation — Today and Tomorrow.

SAMUEL SHERGOLD, formerly superintendent of the London Life industrial agency in Hamilton (King St. branch), has been appointed industrial manager of St. Catharines district. He succeeds **H. J. COOK** who is being transferred to Montreal.

FRED WOLFE, superintendent of the Montreal Park industrial branch of London Life, has been appointed industrial manager at Toronto Albert branch.

C. B. LINDSAY, until recently superintendent at Toronto Bloor industrial agency of London Life, has been appointed manager of the industrial agency at Winnipeg Royal branch. He succeeds C. F. Sims who has been transferred to Winnipeg Lindsay district.

JOHN C. HORTON, district supervisor of the ordinary department of London Life at Oshawa, Ont., has been placed in charge of the Southern Alberta district of the company with headquarters at Calgary.

EMPIRE LIFE is contemplating closing its Calgary branch and concentrating its activities in the province at Edmonton, according to L. T. Boyd, general manager of the company.

Brazil Considers State Insurance

Should proposed nationalization of insurance become effective in Brazil, the 40 foreign companies operating there will be given 6 months in which to conform to the measure, according to "Brazilian Business."

So far as can be ascertained, no Canadian companies will be affected, although any changes will probably apply to a number of British and foreign companies operating in the Dominion.

Although it is as yet too early to know what action will be taken by the Brazilian Congress, it is stated opinion is not unanimously in favor of the proposals. Plans call for a reinsurance bank, and nationalization of insurance operations.

The more important features of the nationalization programme include the following: Companies must be Brazilian with head offices in Brazil. At least two thirds of capital and of the directors must be Brazilian. Brazilians must be given preference, under equality of conditions, in the acquisition of stock sold by foreign stockholders.

Says Ont. Agents Need Dual License

Hartley McNairn Rules on Right to Issue Accident and Sickness Policies

Life insurance agents in Ontario may not solicit accident and sickness business without first obtaining a license to operate as a general agent holds Hartley D. McNairn, Ontario superintendent of insurance, who has issued an official circular on this point.

Mr. McNairn points out that there are 2 classes of agent in the province. First, those licensed for "life insurance, or life and accident insurance or life and accident and sickness insurance" and second, those licensed for "any classes of insurance other than life insurance."

Superintendents' Ruling

"It is my opinion that a life insurance agent may write accident and sickness insurance in connection with life insurance policies issued by his own company. If he solicits accident and sickness insurance separately he must have an additional license, i.e., the license prescribed by clause (b) of the foregoing subsection.

"To my mind there is no room for doubt as to the proper interpretation of the section. Had it been intended that a life insurance agent should solicit accident and sickness insurance separately, clause (b) of the subsection would have been made to read, 'Licenses for any class or classes of insurance other than life, accident and sickness insurance.'"

D. H. WALKINSHaW is general manager of British and Colonial Underwriters, Ltd., represented at Lloyd's of London.

Insurance Rates Soar On Coronation Cover

Tradesmen whose business might be affected by postponement of King Edward's coronation, scheduled for next May, are reported to be having a difficult time in insuring against just such a contingency. Rates quoted by London brokers on this type of insurance have soared from $21 to more than $131 for each $500 coverage, with the underwriters apparently loath to accept business. The explanation is said to lie in the growing belief that the King may marry before spring.

J. LANGFORD, formerly assistant manager of the Canadian General Insurance Co. in Winnipeg, is now associated with the Vancouver firm of Boultbee, Sweet & Co.

Dual Policies Are Advocated To Check Fires

Ontario Fire Marshal Warns Against Over-Insurance

PROBES "SCORCHES"

Pointing to the definite fire hazard which lies in over-insurance, Ontario Fire Marshal W. J. Scott advocates a system of dual fire insurance contracts.

Speaking to the annual convention of the Ontario Fire and Casualty Agents' Association last week, Mr. Scott stated in part:

"I am very strongly of the opinion that designed and careless fires would both be very materially reduced and the annual fire loss of our province greatly lessened, if the present form of insurance contract were changed to provide from the time of writing for different classes of policies.

"The first type of policy would provide for insurance based on the value of the property at the time of the fire, a value set by what the property would bring at a forced sale or by what the assured paid for it. The second type of policy would provide for insurance on a replacement value, but would also provide that the assured would get that amount of money under his policy only if the property were actually replaced by the assured."

Would Check Over-Insurance

It was stated that the fire marshal's department is co-operating with the department of insurance in cases where it is felt that agents deliberately create over-insurance. As yet no licenses have been cancelled from this clause, but reprimands have been issued with the warning that repetition will probably result in license cancellation. Similar co-operation is in evidence in regard to possible fraud against insurance companies by insurance adjusters.

Agent's Reputation at Stake

"To retain his reputation with the company which he represents," he said, "every insurance agent should be scrupulously careful as to the amount of insurance he writes upon any particular building. The effect of insurance on the number of fires is startlingly illustrated in an Ontario city where one particular district had a very heavy fire loss, a record so bad that finally the insurance companies refused to carry insurance within this section. During the last 10-year period under insurance this section had an average annual fire loss in excess of $46,000, which was 29% of the loss in the entire city. In the last 2 years, since the insurance cancellation, this same district had a loss of only a little over $7,000 annually, or just 10% of the fire loss for the city. Today's loss without insurance is only 16% of the previous 10-year average when there was the possibility of profitable fires."

Mr. Scott intimated that his office is currently collecting information on "scorch" fires to be used in framing a proposed amendment to the fire insurance statutory conditions to be submitted to the next conference of the superintendents of insurance.

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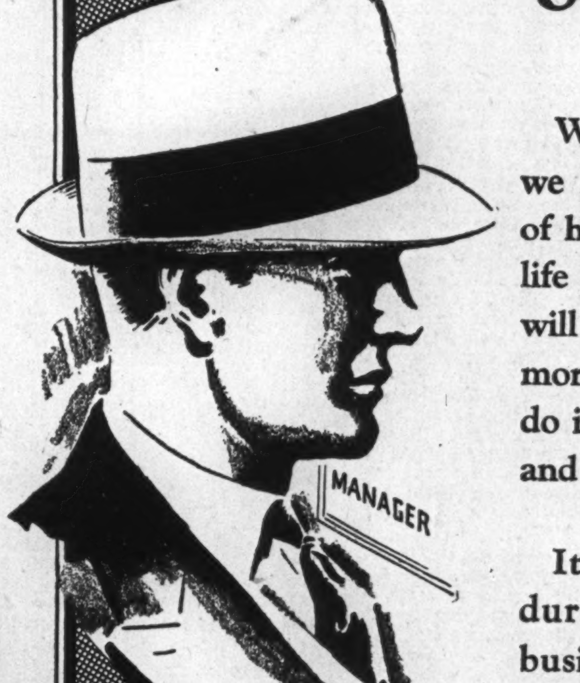

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Our 'MUTUAL' Plan Reduces FIRE INSURANCE Costs
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Municipal Finance Shows Improvement

Thomas Bradshaw Notes Benefits Arising from Depression

ADMINISTRATION GOOD

The depression has revealed many weaknesses and defects in Canada's municipal structure, but at the same time it has been responsible for many important improvements in the management of municipal affairs.

Thomas Bradshaw, of Toronto, one of Canada's foremost authorities on municipal finance during a recent address before the school for municipal officers, conducted by the University of Western Ontario mentioned some of the important steps forward as follows:

Increased efficiency in collection of taxes;

Better administration;

Wider adoption of the installment system of tax collections;

Improvement in assessment rolls through the establishment of sound revenue producing assessment;

Efforts to reduce current and capital expenditures;

Improvement in the preparation of municipal budgets;

Elimination of unbalanced budgets;

Reductions in debenture debt;

Wider use of capital budgets whereby capital expenditures are spread over a period of years;

Replacement of sinking fund debentures by serial bonds;

Improvement in the form and material of the annual report of municipalities;

Greater control over municipalities by the Department of Municipal Affairs.

Evidences of Improvement

Evidences of improvement in municipal affairs during the past 2 or 3 years are the absence of further defaults and increased tax collections. In speaking of these Mr. Bradshaw said:

"Many people have attributed Canadian municipal defaults to the depression. The depression was only the occasion, not the cause. The cause lay in the rapid increase in debt during the boom period of the twenties, when costly and extensive improvements and works were undertaken in advance of settlement and sound assessment, with the result that debt charges and overhead expenses were incurred far beyond the ability of the ratepayers to meet them. Coupled with this, and as a consequence of the 'easy come, easy go,' attitude growing out of the prosperous times, was the development of laxity in administration. Councils were elected in many cases with a mandate to proceed with works involving heavy capital expenditures. There was no necessity to practise economy, because councils were in the habit of levying taxes for all their requirements, and getting them, with practically no protest from the ratepayers. It was relatively easy to secure banking accommodation on the security of tax arrears, and with this ready source of cash little pressure was applied to collect outstanding taxes. The result was that many municipalities entered into the period of depression in a very vulnerable position.

No Defaults Since 1933

"Although Ontario has had the worse default record of any of our provinces in the amount of municipal debt in default—about 20% of our municipal debt being defaulted in the period from 1931 to 1933—it is a healthy sign that no default has taken place since the last-mentioned year. While it is impossible to be certain that no further defaults will take place it is believed the position of our municipalities is steadily improving. Apart from some very extraordinary circumstances no further defaults are likely. Speaking generally, Ontario municipalities are financially sound.

"By far the larger number have remained in good financial standing, and, indeed, many have improved their condition, notwithstanding the depression period. In general, most municipalities with a preponderantly rural background maintained and improved themselves, notwithstanding the drop in prices of produce. This may be due in part at least to the close touch in such municipalities between the elected representatives and all taxpayers—not simply an aggressive group—which would tend to force decreased municipal expenditures more rapidly than in larger centres. Then, too, the more rural type of municipality did not generally go so far into debt in prosperous times. The defaults which have occurred are confined principally to overextended suburban municipalities adjoining 2 of our larger cities. If one excludes from the total Ontario defaults those applicable to the Windsor and Toronto areas, the amount in default represents only 3% of the total municipal debt in Ontario.

Growth of Debt

"To illustrate one of the main reasons—excessive incurring of capital debt—which produced bankruptcy in these particular municipalities, there is set down the growth of Ontario municipal debt since 1921, and by way of comparison the growth in each of the 2 specified areas. While Windsor itself was badly involved, the city of Toronto was not. It stands out pre-eminently as a city efficiently administered and in sound financial position.

Year	Total net Ontario municipal debt $	Net debt Windsor area in default $	Net debt Toronto area in default $
1921	263,473,081	10,969,174	6,196,427
1925	348,868,448	23,616,358	18,272,440
1929	394,179,951	32,784,756	32,017,213
1934	427,323,899	35,197,336	38,270,330

"If ever there was evidence of the necessity of sane and sound administration of municipal operations, it is in the disastrous consequences that followed the reckless mismanagement of municipalities in these 2 areas. While the total debt of the province increased in 13 years by 62%, the debt in the Windsor and Toronto areas skyrocketed by 220% and 517% respectively. What a sad commentary on the trusteeship of those responsible for this condition!

Administration of Defaults

"While all diligence and care must be exercised in the wise administration of our sound municipalities, the most important piece of municipal work to be undertaken at the present time in Ontario is the rehabilitation of the 42 municipal units which are at present in default, and the placing of their affairs on a sound financial basis coinciding with their ability to pay. In carrying out this difficult and delicate task, a few observations may be made:

(1) "A thorough analysis of the affairs and operations of the municipality must be made, to determine the main reasons for default, so that these defects may be remedied and provision made against their repetition.

(2) "An impartial investigation must be made to determine the municipality's resources, present and prospective, and ascertain to what extent and upon what terms the municipality can meet its current and capital liabilities.

(3) "A municipality should strive to arrange for payment in full of its entire obligations, principal and interest, even if such course involves an extension of time, because its future credit and progress are involved.

(4) "Where there is undoubted evidence that payment in full cannot be made, then such compromise should be agreed upon by the municipality and its creditors as the facts disclosed by the investigation justify, the compromise being based on adjustment of interest rather than in the scaling down of the principal amount of the debt.

(5) "Under no circumstances should a municipality lay itself open to the suspicion that it is endeavoring to evade payment of its debts, if it has the ability to pay. Such a course would forever mark it as dishonest, and render it a poor subject for credit in the future.

(6) "A municipality's credit and honor are invaluable, and while in every instance where creditors are not paid in full, the credit of the municipality will suffer, the effect of this situation will be mitigated to a great extent if there is no tinge of questionable tactics or dishonest action.

(7) "While it is desirable that each municipality in default and under the direct supervision of the Department of Municipal Affairs should function independently as in the past, it is most important that for a period of several years there should be a special limited supervision over their affairs by the department, so that there shall be assurance to ratepayers and creditors that operations will be carried on in a thoroughly sound manner. Defaulting municipalities should welcome this guidance, especially in the light of the results following their own past administration. The absence of new defaults over a period of 3 years is a definite sign of improvement, and it is felt that the observance of the suggestions made in connection with rehabilitating municipalities which defaulted before that time will represent a further consolidation of gains already made.

Improved Tax Collections

"A second outstanding indication of improvement is the fact that after 4 years of decreasing tax collections, the trend to better collections, which began in 1934, has continued through 1935 and 1936. In municipalities with a population of over 10,000 for which comparable information is available, the total tax levy for 1935 was $166.6 millions, of which 76.3% was collected by Dec. 31, 1935. This compares with 74.7% in 1934, 70.7% in 1933 and 73.3% in 1932. The same favorable change in trend would be apparent if figures were available for all municipalities.

"Reports received by the Citizens' Research Institute of Canada from some 120 of the larger municipalities in Canada show that at the end of August, 1936, these municipalities had collected 62.5% of their current levy, compared with 59.1% at the same date in 1935. In Ontario on the same date, 72 municipalities had collected 63.1% of their current levies, compared with 59.5% in 1935."

In the accompanying table percentage tax collections of certain municipalities in western Ontario for the first 8 months of 1935 and 1936 are given.

Reasons For Improvement

The improvement in tax collections has been due to several factors.

(a) There has been increased efficiency in the tax collecting departments of the municipalities. The departments have awakened to the fact that they are collection departments rather than receiving departments. In recent years there has been a genuine effort on the part of officials to collect taxes.

(b) Another important factor in the improvement in the volume and percentage of taxes collected has been the earlier demand made for taxes. A great many municipalities now make their tax demands in March or April whereas previously no demand was made until the second half of the year.

(c) The breaking down of the tax demand into 3 or more installments has helped to increase the payment of current taxes.

(d) The insistence on penalties for non-payment when due and the granting of reasonable discounts for pre-payment of installments has increased the prompt payment of taxes.

(e) Better business conditions have also been an important factor since the ability of the ratepayers to pay has been increased.

Mr. Bradshaw suggests that in view of the improved methods adopted and of better business conditions, municipalities should set 80% collection as an objective for current tax receipts. This, he points out, is not too high when one considers that Woodstock collected 90.3% of its current year's levy, Kingston, 88.5%; Ottawa, 87.6%; Kitchener, 86%; Peterborough, 85%; Owen Sound, 84%; St. Thomas, 82.1% and Toronto, 82%.

Tax Collections Continue Upward

The finances of Ontario municipalities are improving. Definite evidence of this is the upward trend in tax collections. After 4 years of declining collections, tax receipts turned upward in 1934 and this trend has continued throughout 1935 and 1936. Reports received by the Citizens' Research Institute of Canada from 72 Ontario municipalities show that in the first 8 months of 1936 they collected an average of 63.1% of their current levies, compared with 59.5% in the same period of 1935.

This improvement has not been due to better business conditions only. Increased efficiency in the tax collecting departments of the municipalities, earlier demand for taxes, adoption of the installment system of collections, the insistence of penalties for non-payment when due and the granting of discounts for pre-payments have also been factors in the improvement.

Given below are comparative figures for certain municipalities in western Ontario.

Percentage of Current Levy Collected
*8 Months ended August 31

	1936 %	1935 %	Increase %
Brantford	59.0	49.5	19.2
Burlington	54.4	48.8	11.5
Chatham	50.2	45.9	9.4
Dunnville	64.9	59.1	9.8
Fort Erie	75.4	72.7	3.7
Galt	63.2	60.7	4.1
Guelph	56.0	43.7	28.1
Hanover	60.3	58.7	2.7
Hamilton	64.2	50.2	28.0
Ingersoll	67.1	64.9	3.4
Kingsville	45.4	31.3	45.0
Kitchener	58.8	55.2	6.5
Leamington	47.9	43.9	9.1
Listowel	41.2	37.0	11.4
London	70.3	68.8	8.0
Niagara Falls	65.2	59.4	9.8
Owen Sound	78.4	78.3	0.1
Orillia	61.6	38.7	59.2
Paris	70.2	68.1	3.1
Petrolia	45.5	37.7	20.7
St. Catharines	61.7	58.7	5.1
St. Thomas	77.3	74.6	3.6
Sarnia	52.0	50.4	3.2
Stratford	56.5	56.2	0.5
Thorold	65.5	60.9	7.6
Tillsonburg	69.5	68.0	2.2
Welland	59.5	56.3	5.7
Woodstock	57.1	56.4	1.2
Windsor	70.7	61.2	15.5

*In some instances the comparative period is for 6 or 7 months of the year.

Newsprint

September Output In Canada Higher Than Year Ago

From Our Own Correspondent

MONTREAL.—Demand for newsprint paper continues unabated, Canadian mills turning out 269,782 tons and shipping 269,689 tons during September, according to a report released by the News Print Service Bureau. This is in contrast to an output of 223,892 tons and shipments of 225,403 tons for the same month a year ago.

American mills also did somewhat better last month, producing 72,216 tons and shipping 75,466 tons, as against a production of 71,416 tons and shipments of 73,161 tons in the same month a year ago.

During September the Newfoundland mills turned out 28,329 tons, as compared with 27,161 tons a year ago, bringing the total North American production for the month to 370,327 tons. This compares with 323,855 tons in December, 1935.

Gains for 9 Months

Canadian mills produced 323,988 tons more in the first 9 months of 1936 than in the corresponding period of 1935, an increase of 16.4%. Output in the United States was practically the same as for the first 9 months of 1935, while Newfoundland production was 9,186 tons, or 3.7% less. There was no production in Mexico, making a net increase for North America of 300,266 tons, or 10.3%.

Stocks of newsprint paper at Canadian mills were reported at 65,989 tons at the end of September and 17,397 tons at United States mills, making a combined total of 83,386 tons. This contrasts with 86,543 tons at the end of the previous month and 90,193 tons September 30, 1935.

Warn Financial Houses Not to Waste Ad. Funds

The New York Financial Advertisers' Association has adopted a resolution recommending that its members abstain from using "such advertising media as must base their appeal on religion, politics, charity, personal considerations and all other ulterior considerations." The resolution is aimed at preventing waste in the advertising expenditures of banks and other financial institutions.

Advertisers were recommended not to waste their money on these types of advertising:

"1. All programmes covering any non-commercial event or entertainment.

"2. All publications, except recognized media, which may be classified as undergraduate, religious, political, club, association, fraternal organizations, etc.

"3. House organs, other than own.

"4. Directories in which the listing itself must be purchased.

"5. Advertisements congratulating others upon events such as birthdays, new building, etc.

"6. Donations of advertising space.

"7. Any form of advertising or publicity to be paid for or contingent upon purchase of one or more copies of publication.

"8. The purchase of tickets in lieu of the purchase of advertising space.

"9. All periodicals published at irregular intervals and not entered in the post office as second-class matter."

All legitimate advertising media are excluded from the recommendations. Among media cited as legitimate are:

"All periodicals, members of the Audit Bureau of Circulations, and recognized periodicals over one year old.

"All legitimate banking periodicals.

"Own house organ.

"Direct mail, own booklets, folders, etc."

Sturgeon River Cheered By Southern Section

Deep development programme on the 2 lower levels of Sturgeon River Gold Mines has proved disappointing, according to A. L. Bishop, president. However, there is an area to the south which, according to Mr. Bishop, holds promise of better things.

The board has decided to proceed immediately with the erection of a 50-ton cyanide process mill and the installation of electrical power which is now available.

In order to carry out this work, $100,000 will be required and this is being advanced jointly by the Coniagas Mines Ltd. and Wood, Brown Prospectors (Trust) as a loan, to bear interest at 5%.

J. M. Wood, of Wood, Brown Prospectors (Trust), will manage the property. A. H. Robertson, of Coniagas, will be in charge of technical directions.

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Metro Store Bonds In Good Standing

MONTREAL.—Official denial is given to the report that sinking fund obligations are in default with respect to the first mortgage 6% sinking fund bonds of Metropolitan Corp. of Canada and the first mortgage convertible sinking fund bonds of Metropolitan Chain Properties, a subsidiary of Metropolitan Stores Ltd.

By supplemental indenture dated Nov. 1, 1933, executed by due authority of the bondholders, sinking funds with respect to these issues during the 5 years, Nov. 1, 1933, to Oct. 31, 1938, are waived, except only payments necessary to meet interest requirements.

Lend For Redemption

At a recent meeting of Metropolitan Stores board, it was voted that, until otherwise ordered by the board, the parent company shall advance from time to time on open account to Metropolitan Corp. of Canada and Metropolitan Chain Properties, respectively, a sufficient amount of cash or bonds of the appropriate company to enable each subsidiary to resume the retirement of its bond issue at the rate contemplated by the original sinking fund provision, accruing after Oct. 1, 1936, in the case of Metropolitan Chain Properties. It is anticipated the first retirement of bonds of Metropolitan Corp. of Canada, under these arrangements, will be made as on April 1, 1937, and Metropolitan Chain Properties as on May 15, 1937. This arrangement is wholly voluntary and in no way affects the legal rights and obligations of these 2 companies with respect to their bond issue.

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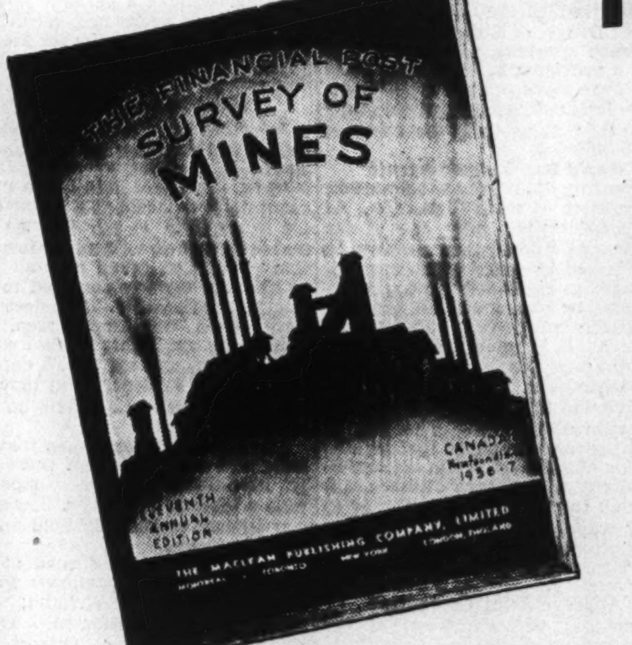

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This means that if you would avoid disappointment you will order your copy of this valuable book without delay. The recent 1936 edition of the Survey of Corporate Securities was completely sold out. Present indications point to a similar experience with this year's SURVEY OF MINES.

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Dufferin Paving

Can you give me a report on Dufferin Paving and Crushed Stone Ltd.?

We cannot give you a satisfactory report on Dufferin Paving and Crushed Stone, because the company does not publicize its affairs. Since the preferred shares were converted into 5% debentures the company need not issue annual reports to debenture holders under the Ontario Companies Act even though common shareholders may be aware of developments. Thus the debenture holder is at some disadvantage, and this feature of the law has been criticized by The Financial Post.

Unofficially, the company is said to be making money and capable of paying for this year at least full interest on debentures. No dividends can be paid on the company's common shares as long as any of the series A 5% debentures are outstanding. This may prove to be of some help to investors and may lead to gradual redemption of the issue.

Claude Neon

Will you please let me have some information on Claude Neon General Advertising?

Claude Neon General Advertising has reported a loss during the last 4 years. Returns for 1935 show that after payment of bond interest there was a deficit of $171,280. This is less than reported in 1934 and 1933. For the first 6 months of 1936 an improvement took place resulting in a consolidated loss which was about $35,000 less than for the corresponding months of 1935.

A better financial position was achieved by the company in 1935. Bank loans were entirely repaid and arrears of bond sinking fund have been paid since the close of the fiscal year. No dividends have been paid on the 7% cumulative preference stock since 1932, arrears at the end of 1935 amounting to $26.25 a share. No dividends have ever been paid on the common stock.

Rogers-Majestic

Will you please let me have a report on Rogers-Majestic Corp. stock?

Outstanding capital of Rogers-Majestic Corporation is 200,000 class A shares and 15,000 class B shares. Only class A shares are traded on the stock exchange. Class B shares have sole voting rights, and are held by interests associated with the company.

In the year ended March 31, 1936, the company's net profit, after depreciation charges, was not quite 2 cents a share, compared with less than one cent a share in the preceding year. No earnings at all were shown in 1931-32, 1932-33, 1933-34, deficits for those 3 years totalling nearly $1 million.

The unsatisfactory showing of the company, which manufactures and markets Rogers-Majestic and Deforest radios, washing machines and other electrical appliances, led to some changes in the internal organization this year. It is understood that for the 6 months ended Sept. 30, 1936, the company has done better than for the same period of 1935. This accounts for the recent strength of the shares, in contrast with the weakness which was apparent earlier this year. Those who are acquainted with the changes in the company's affairs feel that it will be able to show a profit in the current year which ends March 31, 1937.

National Breweries

Would you please let me have your views on National Breweries common stock?

National Breweries is one of the largest brewing concerns in Canada, with its principal market in Quebec, where it does approximately 70% of the trade. Since its incorporation in 1909 the company has shown a well-developed earning power, and dividends have been paid regularly for more than 15 years. Last year the company reported earnings of $2.46 a share on the common stock, as compared with $1.95 in 1934. Consequent upon the improvement in earnings, the company increased the dividend from $1.60 a share to $2 a share. Marketwise the company's stock is an investment favorite.

Trans-Canada Shares

Would you kindly let me know your opinion of Trans-Canada Investment Corp. Ltd.? Do you consider it a sound investment?

Trans-Canada Investment Corp. is the distributing company which offers Trans-Canada shares. These shares are those of a fixed-type investment trust. Purchase is made of shares in 15 leading corporations whose equity securities are regarded as among the highest grade available in this country. Then for each group of shares so purchased, 1,000 Trans-Canada shares are issued, the underlying common stocks being held by a trust company.

In purchasing Trans-Canada shares, therefore, you would be getting a proportionate interest in a group of high quality equity securities. Naturally, the price of Trans-Canada shares fluctuates with market value of the underlying securities. Also, you should note that in purchasing shares of such fixed or semi-fixed investment trusts there is not always as active a market as for some securities listed on the stock exchanges. Trans-Canada shares were initiated in 1933, and in 1934 dividends of 36.2 cents a share were paid, which rose to 37.6 cents in 1935. The semi-annual payment June 1, 1936, amounted to 23.3 cents a share, representing a considerable increase. The yield, however, at current prices for Trans-Canada shares is rather small.

Supertest B

I would like a report on Supertest Petroleum Class B preferred stock.

Supertest Petroleum Corp. pays regular 6% dividends of $1.50 a share on its Class B preferred shares of $25 each. The payments are semi-annual. The company does not publish a full income statement, but earnings have apparently been sufficient to pay the dividends of $1 a share on the common stock and to leave a surplus.

At the end of 1935, the company had a working capital deficiency for the first time in its history. Accounts payable were much higher than they had been in previous years, indicating that the company had been using most of its liquid resources for expansion. The company is entirely a distributing organization, as distinguished from companies which also refine crude oil and produce crude petroleum from their own wells. Thus it is open to competition in retail marketing of petroleum products.

C.I.I. Trust

How do you regard the units of one preferred and one common share in Canadian International Investment Trust, at about $65 for the unit?

Canadian International Investment Trust covered its 5% bond interest 1.66 times in the year ended in February, 1936. Earnings amounted to $3.29 a share on the 5% preferred, but no preferred dividends have been paid since 1931, and arrears will total 25% by the end of this year. The equity value of the portfolio securities applicable to preferred shares was $95.80 a share this year.

The company's history since its incorporation in 1929 does not show a very large margin at any time over preferred dividend requirements. Since more than 70% of the company's investments are in common and preferred shares, however, there is a prospect of further increases in income. Non-payment of dividends has been a conservation policy, and eventually some return on the shares should be possible.

International Power

Among my holdings are some preferred shares of International Power Co., on which I would like an opinion.

For a time International Power Co. was forced to defer dividends on its preferred stock, owing to lower income and also because of the impossibility of carrying out financing to cover certain capital expenditures undertaken by subsidiaries and financed by the parent company. The situation has undergone a marked improvement in the past year, with the result that the company has been able to reduce bank loans to a nominal figure, while earnings have been such as to justify resumption of dividends. The preferred is still in arrears of dividends, but prospects for their eventual liquidation appear promising.

Investment Foundation

As a subscriber to The Financial Post I would appreciate a report on Investment Foundation. I have been offered some of the units in this company.

Investment Foundation has recorded steady improvement in its position, both from the point of view of the value of its investment portfolio and income. Regular dividends are now being paid on the preferred stock and from time to time the company declares a payment on dividend arrears, which now amount to $6.25 a share on the preferred stock. As regards the investment portfolio, the company reports that at the end of September the liquidating value of the units was $67.31.

Gypsum, Lime

It would be appreciated if you would give me your opinion as to the position of Gypsum Lime and Alabastine common stock and its outlook.

Gypsum Lime and Alabastine has been affected by the low volume of new building. However, the situation seems to be strengthening and with the assistance of the Dominion Housing Act, it is anticipated there will be a considerable revival of building over the next 12 months. In that event the volume of business available for Gypsum Lime and Alabastine should be larger, with a beneficial effect upon earnings. This is the view taken by the market, with the result that there has been an increased interest in this company's securities and a relatively sharp advance in values. There does not appear to be any prospect of a dividend on the common in the period just ahead, as the company still has obligations to fulfill in connection with its funded debt.

Dominion Coal

I am carrying a considerable block of Dominion Coal preferred which I purchased some time ago and it is paying good interest on the investment. Though the value of the stock has advanced, the yield is still attractive, but would thank you if you would advise me as to this company being in a position to steadily continue making dividend payments.

Dominion Coal Co.'s financial statement for 1935 shows the dividend on the preferred stock earned by a comfortable margin. It is our understanding that income during the current year has been on a larger scale and that the statement for 1936 will show an increase in earnings on the preferred stock. As far as we can find out no consideration has been given to a change in the dividend policy.

Power Corp.

Will you please favor me with your opinion on the common stock of Power Corp. of Canada? Do you see any possibility of dividends being resumed? I note the company appears to be buying up and retiring a certain amount of their debentures each year. Does the company make any provision, sinking fund or otherwise, for the retirement of their debentures?

There is a strong leverage back of the common stock of Power Corp. of Canada and with a continued rise in the stock market, the equity back of this security could increase very rapidly. At the same time the outlook for the utility field is more promising and prospects are that Power Corp. income for the year ended next June will show a further increase in net profits on the common stock. There is talk of the dividend being paid on this security, but so far the company has given no official indication as to what action it will take.

It is quite true that Power Corp. has followed the policy of buying in its debentures. This has been due to the fact that when the senior security was selling at a discount, it represented a profitable outlet for the company's own funds. However, the company is under no obligation to buy in the bonds, as the trust deed does not make any provision for sinking fund or for the maintenance of any specified amount of security for the debentures.

Nat. Life Preserver

Can you kindly tell me, for the information of a client, what is the value of shares of National Life Preserver Company of Canada Ltd.?

The company went into bankruptcy in 1930 and was wound up. Its assets were of little value and there was nothing available for shareholders. Consequently the stock is of no value.

Calgary Power

I hold some of the preferred shares of Calgary Power Co. Will you please let me have a report on same, and also do you think these are likely to be adversely affected by present government action in that province?

The preferred stock of Calgary Power does not occupy as strong a position today as it did 2 years ago, owing to the loss of revenue from the investment in Ottawa Valley Power. However, the last annual financial statement of the company indicated that revenues from its own operations were sufficient to take care of all prior charges, as well as the dividend on the preferred stock. The surplus was not sufficient to enable the company to maintain the dividend on the common stock, with the result that such payments were deferred.

It is difficult to say at this time just how the company will be affected by policies of the Alberta government. So far such policies have not affected the company, but one cannot foresee what new legislation will be introduced.

East Kootenay Power

Would you be good enough to give me a report on East Kootenay Power 7% bonds?

East Kootenay Power bonds are rather difficult to classify. In addition to the funded debt, the company has borrowed some $2 millions from Power Corp. of Canada. Net revenue is sufficient to cover interest charges on the funded debt and the loans, but no provision has been made for depreciation for several years. We are informed that the loans from Power Corp. of Canada rank junior both as to security and as a charge against earnings, to the mortgage bonds. However it is assumed that at some time the company must fund these loans and it is difficult to see at this time just what improvement can be made in the company's financial position.

Toronto Finance Corp.

I am an executor of an estate which holds 10 shares of Toronto Finance Corp. Is this company still in business? Has its stock any value?

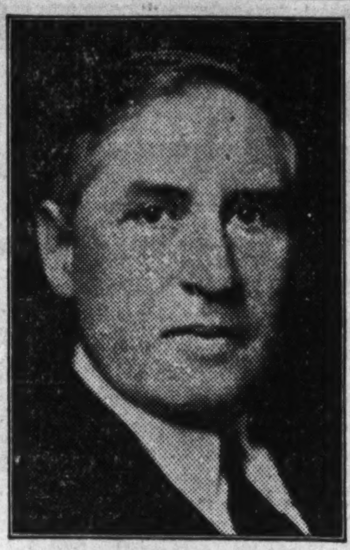
Toronto Finance Corp. is in bankruptcy and is under the trusteeship of Chartered Trust & Executor Co. Toronto Finance Corp. financed real estate by taking second mortgages on various properties, and at the time of its bankruptcy held about 160 such mortgages. However, the company's equity is of doubtful value because there are senior first mortgages to meet, and in some cases there are judgments against the company on first mortgages.

The only hope for shareholders appears to be a recovery in real estate activity and values which would permit gradual liquidation of second mortgages. The shares have no actual market value.

Can. Investment Fund

I have been advised to buy Canadian Investment Fund but before taking any action would like to have your opinion on this company's securities.

Canadian Investment Fund has invested its capital in a number of high quality Canadian equity securities. The value of the shares is dependent upon the liquidation value of the portfolio, while dividends are determined by the rate of income from investments.



CANADIAN HONORED

Dr. H. A. Baker, who has just been elected president of the American Can Company, the first Canadian to hold this position with this large American company. American Can operates factories in Canada in Montreal, Hamilton, Vancouver, Simcoe and Niagara Falls. Dr. Baker is a native of Harmony, Ont., and rose to his present position through the company's research and sales divisions.

Investment Analysis

Simpsons Securities

Complicated Financial Interrelations Due to Necessity of Expansion When Non-Callable Preferred Partly Blocked Way

I have not been able to get a clear-cut picture of the prior or underlying securities and their relation to principal assets of the two companies, Simpsons Ltd. the Robert Simpson Co.

Will you kindly give me the following information, if it is available:

1. What properties are owned by Robert Simpson Co.?
2. On what properties are Robert Simpson Co. 5% first mortgage bonds a specific first charge, and on what assets are they a floating charge?
3. Do the 6% preferred shares of Robert Simpson Co. rank on the assets or earnings in priority to Simpsons Ltd. bonds and Simpsons Ltd. 6½% preferred?
4. What specific properties are owned by Simpsons Ltd.?
5. On what properties are Simsons Ltd. bonds secured by a first mortgage charge?
6. Is Robert Simpson Co. the operating company for all retail stores, mail order business and other subsidiaries, and if so, does this make Simpsons Ltd. purely a parent holding company with investments in shares of Robert Simpson Co.?

A Question of Titles

Simpsons Ltd., incorporated in 1929, controls Robert Simpson Co. which in turn has operating subsidiary companies. Robert Simpson Co. and subsidiaries operate large departmental stores in Toronto and Montreal and conduct a general mail order business with branches in Halifax, Toronto and Regina.

Simpsons Ltd. has a direct title to all properties, except those pledged as security for the Robert Simpson Co. 5% bonds, due 1952. That is, Simpsons Ltd. owns all properties built since the bonds of Robert Simpson Co. were issued in 1912. Thus, Simpsons Ltd. owns directly the additions to the Toronto store in 1928 and later, the new garage, 6-story furniture warehouse and the 11-story mail order building in Toronto, the Montreal departmental store, the Halifax 5-story building and an 8-story building in Regina.

The Robert Simpson Co. owns directly, or leases, the balance of the store properties in Toronto and all issued shares of operating subsidiaries.

Rentals Pay Interest

The properties directly owned by Simpsons Ltd. are rented to Robert Simpson Co. for about $1.1 million annually. These rentals form a part of operating expenses of the Robert Simpson Co. and go direct to Simpsons Ltd. ahead of bond interest of Robert Simpson Co. These rentals are sufficient to pay the entire interest on the new $10 millions of Simpsons Ltd. bonds. The further income of Robert Simpson Co. is used to pay dividends on its $3.4 millions of 6% preferred stock and on its common shares which are owned entirely by Simpsons Ltd.

In the last 2 years, Robert Simpson Co. dividends contributed about $350,000 annually to Simpsons Ltd. exchequer. This was not sufficient to pay interest in full on the old 6½% bonds. However, it is important that Simpsons Ltd. actually had a net profit of $466,712 last year after paying the former bond interest and putting aside substantial amounts for depreciation, taxes and other reserves. Thus Simpsons Ltd. got much more revenue from leasing and from other sources of revenue, than from common dividends of Robert Simpson Co. It could have paid all bond interest without drawing any dividends on its Robert Simpson Co. common stock. In effect, therefore, interest on the new Simpsons Ltd. bonds is a first charge on earnings.

Pay Preferred Dividends

This also answers question about the $11.3 millions of 6½% preferred stock of Simpsons Ltd. Of the net profit of $466,712 last year, $450,000 was paid in dividends on Simpsons Ltd. preferred. It is fair to assume that of these profits $351,750 represented common dividends from Robert Simpson Co. and therefore came after the Robert Simpson Co. preferred dividend; and that the remaining $115,000 came from leases and other revenues, and was therefore an operating charge against Robert Simpson Co. So, $115,000 of Simpsons Ltd. preferred dividends apparently came ahead of bonds and preferred stock of Robert Simpson Co.

If Robert Simpson Co. had paid no common dividends, Simpsons Ltd. could still have paid the $115,000 in dividends on its preferred stock, after bond interest.

Only Way to Finance

All this seems complicated to the average investor, who may wonder why such a complicated system of drawing profits has been devised. The answer is that it was the only feasible way for Simpsons Ltd. to finance its expansion of the last decade.

The bonds of Robert Simpson Co. could have been redeemed on 3 months notice, so as to issue the present Simpsons Ltd. bonds as a first charge on all assets, had it not been that the preferred stock of Robert Simpson Co. is non-callable. No further bonds secured on assets of Robert Simpson Co. may be issued "without the consent of 75% of the preferred stock outstanding."

There was a further provision that no additional preferred stock of Robert Simpson Co. could be issued unless an equal amount of common stock was also issued. A lot of expansion could doubtless have been financed at times by selling preferred and common shares, but in the first financing in 1925 it was thought that bonds were easiest to sell and would cost least. Moreover, former controlling interests were also being bought out, and wished to retain control until their interest had been paid for in full.

Montreal Power Output Expands

Further Gain Noted — Gas Holds at 1935 Level

MONTREAL. — Montreal Light, Heat and Power Consold. reports electricity production increased for the 15th consecutive month during September, when output advanced 2.29% over the same month a year ago, bringing the total increase to date up to 5.22%.

Production last month totalled over 84.2 million kw.h., as against 82.3 million kw.h. a year ago. For the first 9 months of the year output jumped from 735.3 million kw.h. in 1935 to 773.7 million kw.h. this year. These figures do not include secondary or export power.

Gas production for the first 9 months of 1936 was larger than 1935 and totals 3,881 million cubic feet, as against 3,877 million cubic feet for the same period in 1935, an increase of 0.1%.

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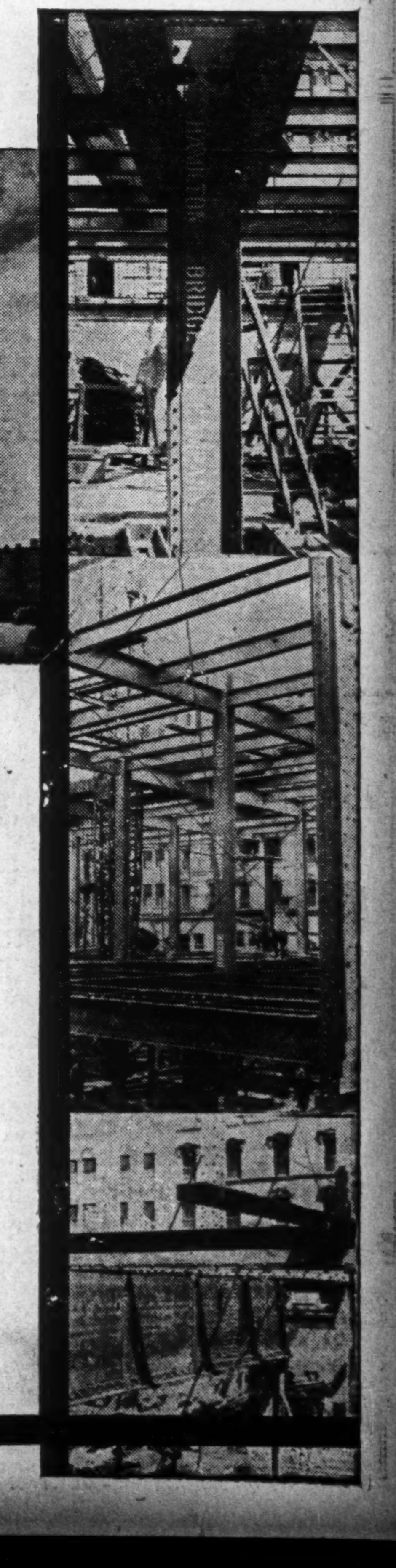
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STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded on stock exchanges, bid and asked prices are given as a guide to current levels. For unlisted stocks, in which transactions are not officially recorded, bid and asked quotations by unlisted dealers are published elsewhere on this page. While The Financial Post endeavors to obtain the most accurate prices for unlisted stocks it cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 19

Government Bonds

October 21, 1936

Dominion of Canada Bonds				Bid Oct. 21	Asked Oct. 21	Approx. Yield	Bid Oct. 14
†‡Dominion	5	1 Mar.	1937	101.25	102.00	...	101.25
‡Dominion	5½	1 Dec.	1937	104.65	105.10	1.08	104.65
Dominion	2½	15 Oct.	1939	103.00	103.75	1.22	103.25
Dominion	4	15 Oct.	1939	106.75	107.50	1.43	107.00
Dominion	2	15 Nov.	1939	101.75	102.50	1.17	102.00
Dominion	1½	1 June	1940	100.25	101.00	1.21	100.25
Dominion	4½	1 Sept.	1940	108.90	109.50	1.94	109.00
Dominion	1	15 Mar.	1941	98.00	98.65	1.31	98.00
Dominion	5	15 Nov.	1941	112.75	113.50	2.19	112.75
Dominion	3	15 Oct.	1942	103.75	104.75	2.15	105.25
Dominion	2½	1 June	1943	102.25	103.00	2.01	102.50
Dominion	5	15 Oct.	1943	113.75	114.50	2.71	113.75
Dominion	4½	15 Oct.	1944	111.65	112.15	2.79	111.75
▪Dominion	2½	15 Aug.	'43-45	100.25	100.85	2.36▲	100.00
Dominion	4	15 Oct.	'43-45	108.50	109.25	2.55▲	108.75
Dominion	4½	1 Feb.	1946	111.65	112.15	2.99	111.75
Dominion	3½	15 Oct.	'44-49	104.00	104.60	2.85▲	104.25
Dominion	4	15 Oct.	'47-52	107.50	108.00	3.13▲	107.75
Dominion	3	1 June	'50-55	99.50	100.00	3.00▲	99.75
Dominion	4½	1 Nov.	'46-56	110.50	111.25	3.23▲	100.65
Dominion	4½	1 Nov.	'47-57	110.50	111.25	3.31▲	110.63
Dominion	4½	1 Nov.	'48-58	111.15	111.75	3.34▲	111.50
Dominion	4½	1 Nov.	'49-59	111.25	111.85	3.36▲	111.70
▪Dominion	3¼	15 Jan.	'56-61	102.00	102.75	3.06▲	102.15
Dominion	3¼	1 June	'56-66	100.65	101.15	3.17▲	100.65
♦Dominion	3	Perp. bonds		95.65	96.15	3.12	95.75
Dominion Guaranteed Bonds							
*G. T. P. Ry.	3	1 Jan.	1962	99.00	100.00	3.00	98.75
Can. N. Ry.	3	1 May	1944	103.25	104.25	2.38	103.00
Can. N. Ry.	3	15 Dec.	'45-50	99.25	100.25	2.97	99.25
Can. N. Ry.	3	15 Feb.	'48-53	98.75	99.75	3.02	99.00
*Can. N. Ry.	4½	1 Sept.	1951	113.25	114.25	3.32	113.25
*Can. N. Ry.	4½	1 Feb.	1956	114.00	115.00	3.44	113.75
†Can. N. Ry.	4½	1 July	1957	113.25	114.25	3.53	113.25
*Can. N. Ry.	4¾	15 June	1955	116.50	117.50	3.48	116.75
Can. N. Ry.	5	1 Feb.	1954	117.00	118.00	3.60	117.00
*Can. N. Ry.	5	1 July	1969	117.25	118.50	2.88▲	117.00
*Can. N. Ry.	5	1 Oct.	1969	119.00	120.00	3.39▲	118.50
*M. Harb. C.	5	1 Nov.	1969	119.00	120.50	3.29▲	119.00
Eastern—Provincial Government Bonds							
N. Bruns.	4	1 Sept.	1954	103.25	104.25	2.68	103.25
†N. Bruns.	4½	15 Apr.	1961	109.00	111.00	3.82	109.00
†N. Bruns.	5	15 Jan.	1960	113.30	115.50	3.97	113.50
N. Scotia	3	2 Sept.	1945	98.00	100.00	3.00	99.00
N. Scotia	4½	15 May	1943	108.00	110.00	2.80	108.50
†N. Scotia	4½	15 Sept.	'47-52	110.00	111.50	3.25▲	110.00
†N. Scotia	5	1 Mar.	1960	117.00	119.00	3.77	118.00
*Ontario	4	1 June	1962	107.00	108.00	3.52	107.00
*Ontario	4½	1 Sept.	1944	112.00	113.00	2.68	112.00
Ontario	4½	1 June	1950	111.00	112.00	3.41	111.50
*Ontario	4½	15 Jan.	1962	112.00	114.00	3.65	113.00
Ontario	5	15 Oct.	1948	114.00	115.00	3.46	114.50
*Ontario	5	2 Dec.	1960	119.00	122.00	3.64	117.00
Ontario	5½	1 July	1946	115.00	116.00	3.58	115.00
O. H. C.	3½-4-5	1 Oct.	'38-52	100.00	101.00	1.28▲	100.25
Ont. Hyd. C.	4¾	1 Jan.	1970	118.00	119.00	3.74	115.00
P. E. I.	3	1 Oct.	1945	100.50	101.50	2.82	100.50
Quebec	4	15 Mar.	1962	107.00	109.00	3.26	107.00
Quebec	4¼	1 Aug.	1958	110.50	112.50	3.43	111.00
Quebec	4½	2 Jan.	1963	112.50	114.50	3.64	113.00
Western—							
Alberta	4	15 Dec.	'49-54	60.00	64.00	§	57.00
†Alberta	4	1 Dec.	1957	62.00	65.00	§	57.00
Alberta	4½	1 Oct.	1951	72.00	75.00	§	70.00
†Alberta	4½	1 Oct.	1956	64.00	67.00	§	62.00
†Alberta	5	1 Jan.	1948	65.00	68.00	§	63.00
Alberta	5	1 Sept.	1955	63.00	65.00	§	62.00
*Alberta	5	1 Oct.	1959	65.00	68.00	§	62.00
†Alberta	5½	1 Jan.	1947	66.00	70.00	§	63.00
Alberta	6	1 Mar.	1947	66.00	70.00	§	63.00
†Brit. Col.	4	1 Dec.	1957	86.00	89.00	4.82	85.00
*Brit. Col.	4½	15 Jan.	1951	90.00	92.00	5.29	88.00
†Brit. Col.	4½	1 Oct.	1953	89.00	92.00	5.22	87.00
†Brit. Col.	5	15 Jan.	1948	94.00	96.00	5.47	93.00
Brit. Col.	5	1 Sept.	1953	92.00	94.00	5.55	91.00
Brit. Col.	5½	1 Feb.	1945	94.00	95.50	6.19	93.00
Brit. Col.	6	15 Feb.	1947	95.50	96.50	6.46	94.50
Manitoba	4	2 Jan.	1950	85.00	88.00	5.25	85.00
†Manitoba	4	1 Dec.	1957	85.00	88.00	4.91	85.00
†Manitoba	4½	15 Dec.	1956	91.50	93.50	5.01	92.00
†Manitoba	5	15 June	1954	94.00	97.00	5.26	95.00
*Manitoba	5	2 Dec.	1959	98.00	100.00	5.00	98.00
Manitoba	5½	1 Oct.	1955	94.00	96.00	5.85	95.00
Manitoba	6	1 Apr.	1947	95.00	97.00	6.39	95.00
Sask.	4	15 Aug.	1953	75.00	78.00	6.09	72.00
Sask.	4	1 Nov.	'55-60	74.00	76.00	6.12	70.50
*Sask.	4½	2 July	1945	83.00	85.00	6.75	80.00
†Sask.	4½	1 Oct.	1951	81.50	83.50	6.20	79.00
†Sask.	4½	15 Mar.	1960	79.00	82.00	5.92	76.00
Sask.	5	1 Aug.	1958	82.00	84.00	6.36	78.00
†Sask.	5½	15 Nov.	1946	87.00	89.00	6.99	82.00
Sask.	5½	1 Oct.	1952	86.00	88.00	6.74	82.00
Sask.	6	15 Mar.	1952	89.00	92.00	6.84	85.00

*Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ▪Payable N.Y. ‡Exempt from Dominion income tax. ♦Callable on or after Sept. 15, 1966. §Traded flat.

Mining Stock Quotations

WEEK ENDED OCTOBER 23

OIL STOCKS

VANCOUVER STOCK EXCHANGE

Corporation Bonds

(Supplied by The Investment Dealers' Assoc. of Can.)

October 20, 1936

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

October 20, 1936

Industrial Stocks:	Bid	Asked
Acadia Sugar, com.	4.40	4.80
Do., pfd.	4.95	5.20
Acme Farmers Dairy, pfd.	42.00	...
Andian National	47.75	48.50
Assoc. Tel. & Tel., pfd.	34.00	36.00
B. C. Pulp & Paper, pfd.	14.00	16.00
Burns & Co., A	8.00	9.00
Do., B	5.50	6.25
Canada & Dom. Sugar	62.50	63.50
Canada Starch, com.	14.00	...
Canada Starch, pfd.	93.00	...
Canada Tea, pfd.	34.00	...
Canada Tube, 1st pfd.	57.00	...
Can. Wire & Cable, pfd.	115.50	117.50
Can. Industries, A com.	239.00	...
Do., B com.	238.00	...
Do., pfd.	164.00	168.50
Can. Ingersoll Rand	120.00	130.00
Can. Westinghouse	78.00	81.00
Chase, A. W., pfd. bonus	25.00	...
Conduits Nat., new com.	2.25	2.95
Dom. Found. & Steel, com.	60.00	65.00
Do., pfd.	95.00	98.00
Dominion Rubber, pfd.	99.00	...
Dunlop Tire, pfd.	84.50	...
Eastern Dairies, pfd.	14.50	...
Federal Grain, Com.	1.50	2.50
Do., pfd.	40.00	43.00
Goderich Elevator	8.00	9.00
Great Lakes Paper, pfd.	17.00	18.00
Greening Wire, pfd.	105.00	...
Guelph Carpet, pfd.	106.00	107.00
Do., com.	18.50	20.50
Hayes Steel Prod., com.	1.00	...
Highland Dairy, com.	3.25	4.00
Do., pfd.	82.00	87.00
Inter City Baking, com.	35.00	...
Do., A pfd.	76.00	81.00
N. Meth. Laund., pfd. bonus	75.00	...
Provincial Paper, pfd.	106.50	108.00
Reliance Grain, pfd.	92.00	96.00
Rob. Consol. Cone	8.75	9.50
Ruddy, E. L., pfd.	37.50	40.00
Silverwood's Dairies, pfd.	55.00	...
Standard Fuel, com.	8.50	...
Do., pfd.	106.00	...
Supertest Pet., B pfd.	26.50	27.50
Toronto Carpet, pfd.	41.00	...
United Steel, A pfd.	10.00	12.00
Western Grain, pfd. bonus	...	13.00
Willards Chocolattes, pfd.	21.00	25.00
Trust & Loan Stocks:		
Chartered Trust, X.D.	83.00	87.00
Commercial Finance, com.	2.50	...
Guelph Ont. Inv., par $50	48.00	52.00
London & West. Trust	54.00	57.00
Premier Trust	...	...
Prudential Trust	3.25	...
Sterling Trust	30.00	33.00
Traders Fin. Inc. Rts.	10.00	...
Traders Fin., B pfd. bonus	84.00	...
Trusts & Guarantee	30.00	32.50
Waterloo Trusts	59.00	...
Insurance Stocks:		
British America	49.00	...
Canada Life	515.00	530.00
Canadian Fire	75.00	...
Canadian Ins. Shares	10.50	13.50
Confederation Life 20% pd.	112.00	116.00
Continental Life 20% pd.	39.00	44.00
Crown Life	160.00	...
Dominion Fire	125.00	...
Dominion Life 50% pd.	285.00	300.00
Dom. of Can. Gen.	120.00	130.00
Empire Life 25% pd.	7.50	9.00
Excelsior Life 30% pd.	69.00	72.00
Federal Fire 25% pd.	40.00	...
Fidelity Ins. of Can.	48.00	...
Great West Life	380.00	398.00
Guar. of N. A. fully pd.	320.00	...
Halifax Fire	23.50	24.75
Imperial Life	330.00	...
Manufacturers Life	...	250.00
Monarch Life 10% pd.	20.00	23.00
National Life 25% pd.	...	48.00
Sovereign Life 25% pd.	16.00	19.00
Sun Life	540.00	565.00
Toronto General	4.75	6.00
Western Assurance, com.	44.00	47.00
Do., pfd.	40.00	45.00
Theatre Stocks:		
Allens Beach, pfd.	64.00	70.00
Do., Kingston, pfd.	61.00	...
Do., Parkdale, pfd.	70.00	...
Do., Toronto, pfd. bonus c.	30.00	...
Eastern Theatres, pfd.	70.00	83.00
Loew's Buffalo, pfd.	3.00	4.00
Do., London, pfd.	2.25	2.75
Do., Toronto, pfd.	115.00	...
Mansfield Theatre, pfd.	30.00	33.00
Paramount, Kitchener, pfd.	48.00	...
Do., Oshawa, pfd.	89.00	95.00
United Amusement, A	17.00	...
Do., B	15.00	...
Investment Trust Shares:		
Can. Gen. Invest.	9.50	9.75
Can. Int. Inv. Trust Units	63.00	...
Can. Investors Corp.	7.75	8.50
Cons. Div. Std. Sec. Units	15.00	17.00
Corporate Investors	...	7.75
Debenture & Sec., pfd.	68.00	...
Dom. Scott. Inv. Units	38.00	42.00
Foreign Power Sec., pfd.	6.00	...
Invest. Foundation Units	58.00	61.00
Sec. Holding Units	24.50	26.00
United Corpns., A	27.00	29.50
Do., B	16.00	18.00
Power Issues:		
Calgary Power, pfd.	68.00	73.00
Can. West. Nat. Gas, pfd.	79.00	84.00
Do., com.	26.00	29.00
Inter. Util. 1.75, pfd.	9.75	10.75
Inter. Util. 7.00, pfd.	88.50	92.00
Monttreal Island Pwr., pfd.	14.00	...
Nor. Ont. Power, pfd.	102.00	105.00
Nova Scotia L. & P., pfd.	105.00	107.00
Do., com.	90.00	...

Unlisted Mines

October 20, 1936

Municipal Bonds

†Halifax	5	1961	113.50	115.50	4.01
Hamilton	5	1950	109.50	111.50	3.90
Montreal	5	1945	103.50	105.00	3.29
Ottawa	4½	1945	109.50	111.50	3.02
†Quebec	5	1959	107.00	109.00	4.33
Saint John	5	1960	107.00	109.00	4.07
†Toronto	4½	1955	111.00	113.00	3.34
†Vancouver	5	1950	85.00	90.00	6.10
Winnipeg	5	1944	95.00	99.00	5.15

†Payable Can. and N.Y.

Winnipeg Stocks

(Transactions from Oct. 13 to Oct. 17)

	Sales	High for period	Low for period	Close Oct. 17
B. & M. Synd.	15	5.00	5.00	5.00
Flin Flon	7,000	.25	.20	.25
Cres. Cream. pf.	28	35.00	35.00	35.00
Gold Lake	5,429	.20	.13	.13
Gurney Gold	2,810	.45	.40	.43
Gt. Falls M.&.S.	1,000	.10	.10	.10
Herb Lake	1,000	.13	.13	.13
Kingfisher	1,000	.02	.02	.02
Johnson Nip.	1,500	.04½	.04	.04
Madsen Lake	50	.94	.94	.94
Mandalay	10,050	.10	.10	.10
Ore Grande	14,400	.22½	.19	.19
Oxford M.	230	.65	.60	.65
Pine Lake	100	.10	.10	.10
Rice Lake Syn.	5	1.00	1.00	1.00
Star Lake	5,000	.01½	.01	.01½
Slave Lake	500	1.15	1.15	1.15
Sachigo River	10	20.00	20.00	20.00
United Grain	29	12.00	12.00	12.00
Vanson Man.	2,500	.02½	.02½	.02½
Wingold	6,300	.03	.05½	.05½
Wylie Dom.	4,000	.39	.35	.38
Wings Ltd.	5,700	1.50	1.35	1.45

Stocks Not Traded in During Week*

	Bid	Ask.
Beaver Fire Ins.	..	100
Can. Indemnity	135	..
Comm. Securities	..	10
Dom. Envelope, com.	..	11
Do., pfd.	93	..
Home Investment	20	..
Northern Mtge., part pd.	..	34
North. Can. Mtge., pf.	4	..
Traders Bldg.	80	..

*Stocks more active on other exchanges not included.

Listed Bonds

Week Ended Oct. 19, 1936

	Int. rate	Due	High	Low	Range 1936 High	Range 1936 Low
Mtl. L. H. & P. Debs.	3	'39	50½	50½	51½	50
McNish	6	'48	3.75	..	4.00	3.00
Unlisted:						
Beauharnois	5	'73	46½	..	46½	46½
Cons. Paper	5½	'61	60	..	62½	30½

UNLISTED MINES—(Continued)

South Keora	.11	.13
Spooner	.24	.27
Springer	.09½	.11
Sturgeon R. Gold	.28	.30
South McKenzie	.30	.33
Tonawanda	.16	.17
Upper Can.	.24	.25
Wendigo	.19	.21
West-Side	.07	.08
W. Red Lake	.16	.18
White Horse	.14	.16
Winoga	.35	.38
Young Davidson	.16	.18
Young Shannon	.20	.25

Week in Wheat

Southern Improvement Eases Market Tension

Better Outlook in Argentine and Australia Reacts on European Buying — But Big Crops Seen as Impossible

From Our Own Correspondent

WINNIPEG.—Weakness in the wheat market early this week, like the previous burst of strength, originated overseas. Price movement indicates that Liverpool and Continental European markets are nervous about possible developments in Argentina and Australia. If these crops deteriorate, not a rise but a runaway market is feared. Consequently each report of adverse crop conditions in either country is a signal for new buying, while every report of rain eases the tension. Latest reports from both countries featured improvement, although big crops are considered impossible.

While Australia is not accustomed to making forward sales in advance of actual harvest, it is usual for Argentina to do so. That process is now in progress to some considerable extent. Argentina evidently considering the present market reasonably favorable, and expecting to have substantial quantities of wheat to sell has started early. Rising tendency of ocean freights throughout the world is given as another cause of increased forward bookings by this country.

Vancouver is commencing to do some substantial business, in spite of strong ocean freights. Lake freights have advanced to a 5½-cent basis under demand for space caused by heavy movement down the lakes.

Over Half Crop Out

WELL over half of the current wheat crop is now believed out of farmers' hands. Sanford Evans estimates total country deliveries from the beginning of the crop year Aug. 1 to Oct. 16 at over 115 million bushels. To this must be added several millions of new wheat delivered in late July, the result of unusual early maturity this season. Allowing for this and also the 40 to 50 million bushels farmers generally keep back permanently for seed and feed purposes then something like 160 millions of new wheat have already been eliminated from market considerations.

This would leave, from an estimated total new crop of 216 million bushels, but a little over 50 millions yet to come into country elevators. That the peak of the movement is over is further indicated by the fact that total deliveries this season, which until a few weeks ago were far in excess of 1935, are now running behind.

* * *

Big U. S. Acreage

WITH moisture conditions the most favorable in the last 35 years something like a record wheat acreage is expected in Kansas and the rest of the southwestern United States fall wheat area. All available land, it is said, will have been put into wheat this fall. Here and there the seed supply has offered some difficulty but usually this has been overcome by both government and private loans. Kansas alone, it is expected, will seed upwards of 16 million acres.

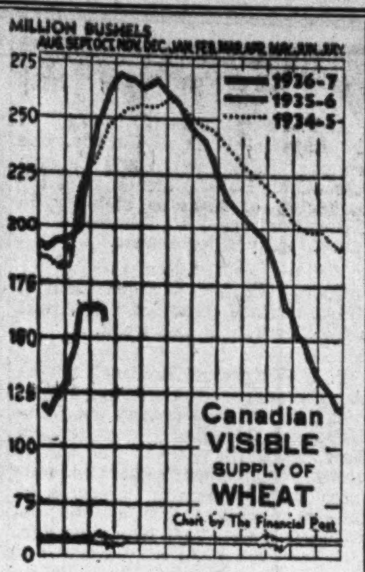
About two-thirds of the total American wheat acreage is of the winter variety. If this large acreage produces a good crop then United States will be back in the export wheat picture again and in volume. As a matter of fact grain men have regarded the export of Canadian wheat to across the line in the last 2 years as only a very temporary trade and one that may not be repeated again in 10 years. But while it has lasted this new export outlet has been an important one. Something like 50 million bushels will probably go to the States this season.

* * *

Argentine to Improve

EVENTUALLY keener competition from Argentine wheat is foreseen in the progress of that country in eliminating inferior varieties. Considerable success, it is reported, has been achieved by the Argentine Government in the elimination of these low quality wheat varieties and the new grain act passed by that government late last year is designed to complete the work.

Apparently not only is the Argentine Government following the lead of Canada in construction of a permanent elevator system—previously most of the grain from that country had been transported in bags—but it is also adopting Canada's plan of concentrating on a limited number of superior varieties. Mixed varieties even where most of these were good, have always been a curse in grain trade and practically no grading system can be built up where a multiplicity of these varieties exists.



COMING DOWN

With country wheat deliveries of new crop grain down to around 5 million bushels per week Canadian visible wheat has definitely rounded the peak and is now on its way down. Compared with a total of over 260 millions at this time a year ago visible last week was estimated at only 160 millions. There seems to be every reason to believe that Canada will see the last of its 9-year-old wheat surplus off to an eager market by next spring.

Details in bushels follow:

Canadian Visible		
Week of Oct. 16	Last Week	Last Year
160,705,000	162,009,000	262,436,000
Export Clearances*		
Week of Oct. 16	Last Week	Last Year
3,821,191	4,946,014	4,012,112

*Plus U. S. imports.

Vancouver Boasts Of Its Big Fleet

MacMillan Co. Operates World's Largest Under Charter

From Our Own Correspondent

VANCOUVER. — This Canadian seaport not only has the biggest individual charterer of ocean tonnage in the world in H. R. MacMillan, of H. R. MacMillan Lumber Export Company, but this fall became the operator of the world's largest cargo-carrying fleet under charter.

It is estimated that Vancouver's armada of chartered vessels, mostly carrying lumber and grain to the markets of the world, is close to 200 ships. The vessels have been booked by Anglo-Canadian Shipping Company, Ltd. and Canadian Transport Company, Ltd., the later controlled by MacMillan interests, which together have 112 ships under charter, and half a dozen other independent charterers.

Big Fleets

Anglo-Canadian, which represents a group of shipping organizations, has approximately 60 vessels now under charter. MacMillan's fleet at present consists of 52 ships.

Fish, mostly canned salmon, dry or salt herring and pilchard products; apples and other fruit, and lead, copper, zinc and nickel are represented in the ship manifests in addition to the big bulk cargoes of lumber and wheat. This has been a banner year for British Columbia's exports, and Vancouver shippers this year will pay approximately $4 millions to ship owners, and probably half a million dollars in Panama Canal dues.

Big Grain Season

The grain trade has been particularly active this season, and during the past week over 100,000 tons of grain space was booked for loading up to February at the rate of 25 shillings to the United Kingdom. At this time last year the rate was 19 shillings. In a single day more than 40,000 tons of space was chartered.

Grain exporters expect the October total shipments will exceed 3 million bushels, and that in November the figure will exceed 4 millions. The movement will probably continue until Argentina and Australian crops begin to move in January.

Eases Financial Headache

Daniel C. MacLachlan, One-Time Flour Salesman Produces Results in Reviving Maple Leaf Milling

By GORDON L. SMITH

Back in 1931 Maple Leaf Milling was a sick company. There is no secret about that now and there was none then; a formerly prosperous company was facing crippling losses.

Auditors were brought in to reorganize and operate the company and while this move resulted in a sharp curtailment of losses, profits stubbornly refused to materialize. The creditors came to the conclusion that with the reorganization of the company and the checking of losses the special work of the auditors was finished. In October, 1931, a former flour salesman was called in to attend the patient.

Then Came MacLachlan

That salesman was Daniel Campbell MacLachlan, now president. When he took over the Maple Leaf as general manager the company's bonds could be picked up for around $28. A few even went for $27. Today these bonds are quoted at around $80, which represents a gain in confidence of 185%.

True, the company's modest operating earnings of almost $460,000 this year are still meagrely low for an organization which operates flour mills with a total daily capacity of 20,500 barrels and controls a string of baking companies right across the Dominion. But this is 100% better than a year ago and the improvement in the first quarter of the company's fiscal year, which commenced Aug. 1, is understood to be continuing.

But the dollars and cents gain is not the only one for Maple Leaf since MacLachlan took charge. Back in 1931, the staff of the company was well nigh demoralized. There had been liquidation of personnel. There had been successive pay cuts. This sort of thing is not conducive to sales and Maple Leaf's main business is selling flour and bread.

Main Job Selling

D. C. MacLachlan's life's training has been in selling. When he, along with thousands of other Easterners, went to Winnipeg in 1905 he found the West interested in 2 things; selling real estate and selling grain. He chose the latter and stuck with it. He was just 22 when he joined the office staff of Ogilvie Flour Mills Co. Previous to this his whole time had been taken up getting a public and high school education in his native Guelph, Ont., plus a few years with the old Guelph Carriage Top & Hardware Co.

He soon found himself on the road selling flour. In this capacity he covered practically every crossroad, village and town in the new West. His beat took him from Winnipeg to the Pacific Coast. Though as fond of social life as any young fellow of 22, he was prepared to leave on any special trip on an hour's notice and he often did so.

Knows the Trade

Five years after joining Ogilvies he found himself western sales manager. In 1912 he started out more or less for himself with what later became the Western Grain Co. K. B. Stoddard and Alexander Reed had recently secured the old Western Elevator Co. with line elevators in Saskatchewan and Manitoba and a terminal at Fort William and this was merged into the Western Grain Co. MacLachlan came to the company as general manager, and later became vice-president and general manager. It was here he received his executive training in all branches of the grain and flour business. It was here he was acquiring those qualifications the Maple Leaf had to have when after searching the whole continent, it brought him from the Western Grain Co. in 1931.

During his western experience Mr. MacLachlan got to know all the leading figures in the grain business and leading figures got to know and respect MacLachlan. A sheaf of congratulatory letters and wires

—Photo by Mr. Lyonde.

D. C. MACLACHLAN

on his desk this week following the announcement of his promotion to president of Maple Leaf offers ample testimony of this wide acquaintanceship and respect.

Coming to the Maple Leaf, his first job was to restore morale. He became acquainted with his staff. "A good selling force," he says, "must be like a good football team. They must know each other and work together harmoniously."

With a large company like the Maple Leaf this meant getting around. It meant extra work. But Mr. MacLachlan has got around.

An inspection trip took him to one of the company's big milling plants. It was 5 o'clock on Saturday afternoon and he happened to run into a lone miller in the building. Mr. MacLachlan asked to be shown through and his remarks and questions during the inspection were of such a professional nature that the guide thought his visitor must know something of the milling business.

"You don't happen to be a miller, do you?" he asked. "Oh no," was the reply. "I am only your general manager."

Knows His Staff

And in the same quiet efficient way the new general manager got to know all of his employees and the properties of the Maple Leaf. Though one of his first tasks was reducing overhead in keeping with the sharply reduced sales of the depression period, it says a good deal for his quiet but forceful personality and his friendly susceptibility to all complaints or suggestions that he soon became popular. Management changed from some distant and unknown quantity to visible and friendly direction.

Mr. MacLachlan was not above using every friendly means toward building up esprit de corps. It was he who organized an annual golf tourney among the sales force. He admits he is not very good at the game, but he likes it and he finds that it offers an excellent medium for building up his ideal of a perfectly co-ordinated selling force. And he states quite frankly that today he has a sales force second to none in Canada.

Dunning Co-operated

When he took over the job as general manager that wasn't the case. Rigid creditor control he soon found was not the right kind of control for a trading company. Too much hampering interfered with selling and without sales there was no hope for Maple Leaf. MacLachlan took his troubles to Hon. Charles A. Dunning, one-time head of the Saskatchewan Co-operative Elevators, one-time Premier of Saskatchewan, now for the second time Federal Minister of Finance. But in 1934-5 Mr. Dunning was president of Maple Leaf Milling. This president knew that a sales force must have freedom. He concurred with his general manager and Mr. MacLachlan was given full rein. It was tactically agreed that the new policy was in the nature of an experiment. Creditors were nervous. But the recent rise of Mr. MacLachlan to presidency of the company is automatic acknowledgment of the success of that experiment.

Sees Grain Future

Mr. MacLachlan emphatically does not agree with that school which preaches that Canada's grain days are numbered. He remembers the time, not so long ago, when this country's flour exports totalled over 11 million barrels. He remembers when it harvested a wheat crop of 500 million bushels without a quiver.

Today, Canada is exporting less than 5 million barrels and wheat crops have been far below normal since 1928. But there has been a gain in both the exports of wheat and flour this year and the new head of Maple Leaf looks for this trend continuing.

He believes that the French move in devaluating the franc and at the same time lowering its abnormally high duties on wheat and flour is the first step of Europe away from nationalization.

Europe Will Buy Again

He believes that Europe is at last coming to the conclusion that too high a bonus can be paid home producers for growing a crop which can be grown much better and much cheaper elsewhere. Provided no general war develops, and he cites the absence of food buying by the more warlike countries as a good omen, Mr. MacLachlan visualizes Europe once more coming to Canada for wheat and for what is simply ground up wheat, flour.

"They will go back to producing those lines for which their soil and their manufacturing plants are more fitted to produce," he said, "and they will import more of our grain and give their people cheaper bread. A few years of this sort of trade and there will be less chance of war than ever."

Little Time For Hobbies

This briefly summarizes the man at the helm of Canada's largest milling company. There is little else to say. In his 54 years Mr. MacLachlan has had little time for hobbies or special recreations. He has been busy working and getting others to work. In Winnipeg he did find time to raise a few dogs, but even that modest recreation had to be dropped when he returned to the East again, 5 years ago. Eventually he hopes to be able to buy a farm and it will be near Guelph.

At one time he was a leading spirit in promoting the symphony orchestra at Winnipeg. From 1921 to 1925, despite none too good times in Winnipeg, this organization of 70 musicians functioned smoothly, union wages were paid and the orchestra paid — a record almost unique in musical circles. Hugh Ross, the director, is now head of the Schola Cantorum of New York City. Badminton claimed him in his younger days but that sort of thing is left to his 4 sons today.

Must Be Posted

During these times of stress, says Mr. MacLachlan, and he admits the future of his company is by no means clarified yet, the executive must keep his mind on the job and keep himself posted. And he has taken steps to keep himself so posted.

"It was raining in Australia yesterday," he remarked, "and prospects remain fine in the Argentine." Conditions in these 2 countries, it is necessary to add, hold the key to world wheat prices in the next few months.

Blunt But Friendly

Big, blue eyed, youthful in spite of his 54 years and with the square chin of a salesman, Mr. MacLachlan is friendly but outspoken. He has the western flair for speaking bluntly.

At the company's recent annual meeting he was asked when the common shareholder could expect something in the way of dividends. Now he might have pointed to the improvement in the company affairs in the last year or two. He might have easily turned the question aside and, without committing himself, at the same time have given the questioner the impression that dividends would be forthcoming soon. But that was not his way and he stated frankly that common dividends were a long way off.

Debts would have to be paid off, bond interest must be met and even then would have to come the preferred shareholders. The market was not accustomed to such a frank declaration. Maple Leaf common fell a point next day. But appreciating the frankness and honesty of the speaker and recognizing again his contribution to Maple Leaf the market quickly recovered.

Wheat Board Holdover Makes Market Nervous

From Our Own Correspondent

WINNIPEG. — Alternately bullish and bearish influences are attributed to the holdings in the wheat market of the Canadian Wheat Board.

The idea of a bullish influence rests on the policy, credited to the board, of withholding its wheat from sale during the past few months.

The bearish argument is to the effect that the board is likely to liquidate its holdings during the current crop year, and must soon commence to do so.

Fear Weakness

Buyers, both speculative and commercial, it is claimed, would be more active except for the feeling that board selling, when it commences, will impede a price advance which otherwise might take place. The market would be stronger, this argument maintains, if the wheat now held by the board were distributed among different holders, instead of being concentrated where its sale is subject to a single judgment.

Although official information is entirely lacking, general opinion is that the board holdings amount to about 70 million bushels. Combining the wheat taken over by the present board when it was appointed last December, with the subsequent deliveries by farmers, gives a total of some 340 million bushels it had to sell.

Big Selling

If holdings were 270 millions during a 7-month period, it meant the sale of an average of a million and a quarter bushels of wheat or so on every market day. But the exact date on which the board is supposed to have stopped selling is not fixed. Certainly since the end of August the board is understood to have tried to keep its holdings out of the way of farmers with new crop wheat to sell.

The market began to look for a reverse of that policy when it became known that the board had accepted delivery, through the clearing house, of most of the 9 million bushels of wheat delivered that day. That, for the moment, appears to put it back into the cash wheat market, whereas for months previously its holdings had been concentrated entirely in contracts for future delivery. But such wheat has now been re-delivered by the Board apparently on sales of October, balanced by acquisition of more distant futures.

Compensating Strength

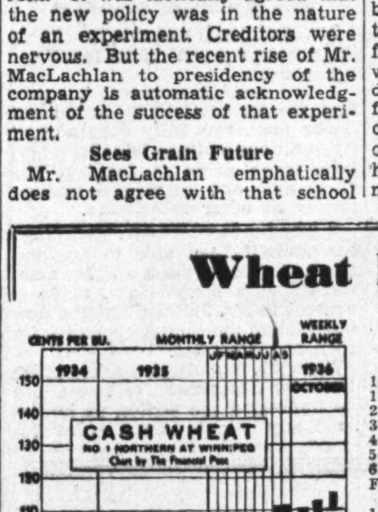
If holdings of the Board represent something overhanging the market, there is a largely compensating element of strength sometimes overlooked. In part this is represented by the technical short interest in the Winnipeg market of United States millers. They hold 20 million bushels or so of Canadian wheat in various advanced positions, and kept mainly hedged in the Winnipeg market. As they sell the flour made or to be made from such wheat, they must buy back futures contracts on the Winnipeg market. It is just as necessary for them to buy as it is imperative for the Wheat Board to sell. And there are constantly some millions of bushels of wheat afloat to Europe or in storage overseas in the same position. Consequently the sales problem of the Wheat Board is not that of finding speculative buyers to take its holdings off its hands; it is rather to let out its holdings when and in such quantity as will satisfy actual requirements when new deliveries by farmers are no longer sufficient for the purpose.

Soon to Market

That such a time must soon come seems likely from the large proportion of the wheat crop which has already been delivered by farmers. The total to Oct. 17 was over 115 million bushels.

That the Wheat Board will have no difficulty in selling all its holdings before the end of the crop year is generally taken for granted. Inevitably there will be some carryover of Canadian wheat at July 31 next, possibly not less than 40 million bushels. But the general market is likely to have taken on the task of carrying all supplies of Canadian wheat well before that time, perhaps as early as May.

Wheat Prices



(Cash Quotations)

	For Week Oct. 20 High	For Week Oct. 20 Low	Prev. Week High	Prev. Week Low
1 Man. Hard ...	1.16½	1.14⅛	1.13	1.08⅝
1 Northern	1.14⅞	1.12	1.12½	1.08⅛
2 Northern	1.13⅞	1.10¾	1.11¼	1.06⅝
3 Northern	1.10⅝	1.07½	1.08¼	1.03⅝
4 Northern	1.08⅝	1.05½	1.06¼	1.01⅞
5 Wheat	1.04⅞	1.02	1.02½	.98⅛
6 Wheat	.97⅞	.93	.95⅛	.93⅛
Feed Wheat ...	.85⅞	.82	.83½	.81⅛
Vancouver: Week to Oct. 19:				
1 Northern	1.12½	1.09⅞	1.09⅞	1.06⅛

Competitive Export Prices: (Oct.) shipment.

Week to Oct. 17	High	Low
No. 1 North. (Vanc.) ...	1.34	1.29⅝
No. 2 North. (Atlan.) ...	1.30⅞	1.28⅝
No. 2 North. (Vanc.) ...	1.32¾	1.29⅛
Danubian	1.15⅝	1.13⅛
Australian (afloat)	1.28⅝	1.28⅝
Australian▲	1.26⅝	1.22¼
Argentine Rosafe†	1.14	1.11⅝
Indian (choice Karachi) .	1.27⅛	1.24

†Jan.-Feb. ▲Dec.-Jan.

Winnipeg Grain Futures

Week to Oct. 20, 1936

Crop year from Aug. 1, 1936 High	Low		Open Oct. 14	High for week	Low for week	Close Oct. 20
		Wheat				
1.14⅛	.95⅝	Oct.	1.13⅜	1.14⅞	1.11⅝	1.12
1.14⅞	1.06⅝	Nov.	1.13⅜	1.14⅞	1.11½	1.12⅛
1.12⅝	.93½	Dec.	1.11¾	1.12⅝	1.09	1.09½
1.13⅛	.95½	May	1.11¾	1.13⅛	1.09⅞	1.10⅝
		Oats				
.49¾	.41⅛	Oct.	.43⅜	.45	.43¼	.43⅝
.46⅞	.43⅝	Nov.	.....	.45	.43⅝	.43⅞
.48¼	.41⅝	Dec.	.44¼	.44¾	.43⅛	.43½
.48⅜	.42⅛	May	.45½	.45⅞	.44¼	.44½
		Barley				
.68	.51½	Oct.	.62½	.62¾	.58⅜	.58⅞
.63⅛	.59¼	Nov.	.....	.62⅞	.59¼	.59⅛
.63¼	.50¼	Dec.	.60⅝	.61⅛	.57½	.57⅞
.61⅛	.50⅞	May	.60⅛	.60¾	.57½	.57⅞
		Flax				
1.90½	1.60⅛	Oct.	1.64	1.66⅜	1.60⅛	1.60½
1.88	1.61	Dec.	1.63	1.66	1.61	1.61
1.73¾	1.63⅜	May	1.63	1.69¾	1.63⅜	1.64
		Rye				
.72¼	.62	Oct.	.70⅝	.72¼	.69	.69⅜
.71⅞	.65⅞	Nov.	.....	.71⅞	.69¼	.69⅝
.73	.61⅜	Dec.	.69⅝	.71	.67¼	.68⅛
.73⅛	.62⅜	May	.70⅝	.71⅜	.68⅝	.69⅜

Greene Stabell Mill Now on Better Ore

Reports recently abroad that the mill at Greene Stabell Mines, in the Harricana district of Quebec had been closed down, were definitely denied by officials contacted by The Financial Post. The management of this company stated, on the contrary, that an improvement was noticeable in the grade of ore going to the mill.

On the west drift on the 500-ft. level there is considerable showing of free gold and a large stope has been opened up for 70 ft., the management stated. In the winze below this level, free gold is reported to have appeared for the 15 ft. to which the winze has been sunk. In the east section on this level the width is reported to have improved.

Agrees on Winter Road Into Chibougamau

From Our Own Correspondent

MONTREAL.—A winter road from St. Felicien to Chibougamau, a distance of 130 miles, will be built by the Quebec Government at a cost of around $1,000 a mile, according to an assurance given by Premier Duplessis to a delegation of mining men who sought better transportation facilities into the area.

As to a permanent vehicular road for summer months, to commence next spring, which was also requested by the delegation, the premier was friendly to the proposal, and ready to co-operate with the Federal Government and the interested mining companies, of which there are 15, in the matter of paying the cost of the enterprise.

DIVIDEND NOTICES

The Royal Bank of Canada

DIVIDEND NO. 197

NOTICE is hereby given that a dividend of two per cent. (being at the rate of eight per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Tuesday, the first day of December next, to shareholders of record at the close of business on the 31st day of October, 1936.

By order of the Board.

S. G. DOBSON, General Manager.

Montreal, Que., October 16, 1936.

The Canadian Bank of Commerce

Dividend No. 199

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th November, 1936, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st December next, to shareholders of record at the close of business on the 31st October, 1936. The Transfer Books will not be closed. By Order of the Board.

S. H. LOGAN, General Manager.

Toronto, 16th October, 1936.

SOUTHERN CANADA POWER COMPANY LIMITED

Common Dividend No. 46

A DIVIDEND of Twenty Cents (20c) per share, being at the rate of 80c., per annum, on the no par value COMMON STOCK of Southern Canada Power Company, Limited, has been declared for the quarter ending October 31st, 1936, payable November 16th, 1936, to shareholders of record at the close of business on October 31st, 1936.

By order of the Board,

L. C. HASKELL, Secretary.

Montreal, October 5th, 1936.

SIMPSONS, LIMITED

Preference Dividend No. 20

Notice is hereby given that a Dividend of One Dollar per share on the outstanding paid up six and one-half per cent Cumulative Preference Shares of the Company has been declared payable on November 2, 1936, to shareholders of record at the close of business on October 22, 1936. The transfer books will not be closed.

FRANK HAY, Secretary.

Toronto, October 14, 1936.

McIntyre Porcupine Mines LIMITED

(No Personal Liability)

DIVIDEND NO. 72

Notice is hereby given that a dividend of ten per cent (10%) on the Company's Capital Stock will be paid in New York funds on December 1, 1936, to shareholders of record at the close of business on November 2, 1936.

By order of the Board.

BALMER NEILLY, Treasurer.

Dated at Toronto, October 14, 1936.

DIVIDEND NOTICES

The Bank of Toronto

Dividend No. 221

Notice is hereby given that a Dividend of Two and One-half per cent upon the Paid-up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its branches on and after the first day of December next to shareholders of record on November fourteenth, 1936.

The Annual Meeting of the shareholders will be held at the Head Office of the Bank on Wednesday, the Twentieth day of January next, the chair to be taken at noon.

By Order of the Board.

H. B. HENWOOD, General Manager.

Dominion Bridge Company, Limited

DIVIDEND NOTICE

A Dividend of THIRTY CENTS (30c) per Share has been declared on the No Par Value Shares of this Company for the Quarter ending 31st October, 1936, Payable 14th November, 1936, to Shareholders of record at the close of business on the 31st October, 1936.

By Order of the Board,

F. W. EVENS, Secretary.

Montreal, Que., 20th October, 1936.

Quebec Power Company

Notice is hereby given that a dividend of twenty-five (25c) cents per share has been declared on the no par value common shares of the Company for the quarter ended September 30th, payable November 16th, to shareholders of record October 27th, 1936.

By Order of the Board,

JAMES WILSON, Secretary.

Montreal, October 19th, 1936.

A. J. Pattison, Jr. & Co. Limited

Established 1907

For twenty-nine years we have rendered a Standardized Service to BANKS, INSURANCE AND TRUST COMPANIES, BROKERS, INDUSTRIAL CORPORATIONS AND INDIVIDUALS IN BUYING AND SELLING INDUSTRIAL AND PUBLIC UTILITY STOCKS AND BONDS

Royal Bank EL. 5101 TORONTO

Northern Elevator Company Limited

Incorporated 1893

OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE

Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

THE CANADIAN CONSOLIDATED GRAIN COMPANY LIMITED

Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur

Grain Commission Merchants—Shippers and Handlers of All Grains

Head Office: WINNIPEG, CANADA

NORRIS GRAIN COMPANY LIMITED

WINNIPEG AND TORONTO
PRIVATE WIRE SERVICE
GRAIN AND STOCKS

Represented by NORRIS GRAIN CO. at London, Liverpool, Chicago, New York, Toledo, Kansas City

EST. 1857

Grain Merchants Shippers & Exporters

Pioneers IN THE EXPORTING OF CANADIAN GRAIN

JAMES RICHARDSON & SONS Limited

WINNIPEG REGINA MONTREAL MOOSE JAW VANCOUVER SASKATOON TORONTO CALGARY KINGSTON EDMONTON

LAKE OF THE WOODS MILLING COMPANY, LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT 31st AUGUST, 1936

ASSETS

Property Account:		
Land, Water Power, Buildings, Machinery and Equipment at Cost, less amount written off on Reduction of Capital during 1933, depreciation applied and the annual amount of depreciation written off Automobiles and Trucks	$7,170,383.18	
Less: Reserve for Depreciation	2,179,955.13	$4,990,428.05
Deferred Charges to Revenue		24,242.06
Investments in Controlled Companies—Allied Industries— (Held by the Trustee for the Bondholders)		609,168.00
Sundry Investments—Grain Exchange Seat, etc.		7,704.00
Goodwill, Trade Marks, etc.		250,000.00
Cash on Hand and in Banks (Net)	$ 98,866.98	
Investments (Market Value $16,700.00)	15,000.00	
Accounts Receivable After providing for Bad and Doubtful Debts	657,574.56	
Inventories Valued as follows:— Grain at current Market Value. Flour and Feed at approximate Manufactured Cost. Bags and Materials at approximate Manufactured Cost and approximate Cost Price respectively	3,084,939.67	3,856,381.21
		$9,737,921.32

LIABILITIES

Capital Stock			
Authorized: 200,000 Shares of No Par Value. 15,000 Shares of 7% Cumulative Preferred Stock of $100.00 each.			
Issued: 147,689 Shares of No Par Value		$2,953,780.00	
15,000 Shares of 7% Cumulative Preferred Stock of $100.00 each		1,500,000.00	$4,453,780.00
First Mortgage Bonds, 6% Due 1st May, 1941: Issued and held by the Banks as collateral to Loans	$4,000,000		
Bank Loans Secured as Above and Under Sections 86 and 88 of The Bank Act		2,587,000.00	
Accounts Payable		418,311.77	
Provision for Federal, Provincial and Municipal Taxes		136,217.59	3,141,529.36
Insurance and Other Reserves			169,662.64
Earned Surplus			1,972,949.32
			$9,737,921.32

PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDED 31st AUGUST, 1936

Balance—at 31st August, 1935			$1,630,282.10
Net Operating Profit for the year ended 31st August, 1936		$ 930,417.90	
Less: Interest	$ 165,533.81		
Depreciation	185,000.00		
Provision for Income Taxes	88,000.00		
Directors' Fees	3,920.00		
Executive Salaries	54,587.50		
Legal Fees	1,506.37	498,547.68	
		431,870.22	
Dividends from Investments in Controlled Companies		11,917.00	
Income from Investments		3,880.00	447,667.22
			2,077,949.32
Deduct: Dividend on Cumulative Preferred Stock			105,000.00
Balance—at 31st August, 1936, per Consolidated Balance Sheet			$1,972,949.32

CONTINGENT LIABILITIES:
Guarantee of $1,247,500.00, 5¼% Bonds of Inter City Baking Company Limited.
On Customers' Paper under Discount $237,164.02.

NOTE: Dividends upon the Cumulative Preferred Stock are in arrears for four years.

On behalf of the Board: F. S. MEIGHEN, HUGH MacKAY, Directors.

MONTREAL, 1st OCTOBER, 1936

We have examined and audited the Books and Accounts of the Lake of the Woods Milling Company, Limited and of its Wholly Owned Subsidiary Companies for the year ended 31st August 1936.

The Investments in Controlled Companies appear in the Balance Sheet at what, in our opinion, may be considered a fair valuation. The dividend paid by the Inter City Baking Company, Limited was less than the earnings of that Company during the period under review.

The Inventories of Stocks on Hand have been determined and certified correct by responsible Officials of the Companies, and we have satisfied ourselves that the basis of valuation is as stated.

Subject to the above remarks, we report that we have obtained all the information and explanations we have required, and that, in our opinion, the above Consolidated Balance Sheet as at 31st August, 1936 is properly drawn up so as to exhibit a true and correct view of the state of the Combined Companies' affairs, according to the best of our information and the explanations given to us, and as shown by the Books of the Companies.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON, Chartered Accountants, Auditors.

The Globe Spins Again

Toronto Newspaper Perks Up and Does Better Than "Break Even" Financially from Day It Is Sold to Youthful Toronto Broker and Mining Millionaire

The biggest newspaper news in Canada for many a day was the announcement last week of the sale of The Toronto Globe when control passed from the Jaffray family, owners since 1882, to C. George McCullagh, 31-year-old broker, of the firm of Barrett, McCullagh & Co., Toronto, and William H. Wright, millionaire vice-president of Lake Shore Mines and of Wright-Hargreaves Mines.

And The Financial Post is informed the paper, from a reported loss of $1,000 weekly, has paid its way day by day ever since the transfer Oct. 15.

The Globe had its hey-day and its greatest prosperity under the late Senator Robert Jaffray from 1882 to the time of his death in 1914. Senator Jaffray, an old associate once told the writer, made and lost 3 fortunes during his career. He was a man of exceptional enterprise, vision and courage. The Globe now passes into the hands once again of men who have made their money by enterprise, willingness to venture much and an intense belief that development of Canadian resources boldly and efficiently will settle eventually the main problems now troubling Canada.

Have Control

The new purchasers have obtained 6,000 out of the 9,000 outstanding shares of $100 par value at an unnamed price. W. G. Jaffray, retiring president, and family still hold some shares and The Mail & Empire owners are understood to have acquired about 1,400 shares in the hope of eventually owning The Globe and combining the 2 papers. The publishers of the Mail & Empire, which has had the largest morning newspaper circulation in Canada ever since it took over the Toronto World in 1920, believes that the Toronto field can be best served by one newspaper in the morning field and is understood to have made repeated offers for control of The Globe since 1929.

All that is ended now.

The new interests mean business. Instead of buying The Globe to bury it—and that is how Mail & Empire offers have been construed — they announce their intention to make it as good a newspaper as they can. They are prepared to spend money and to lose money, if necessary, but they expect to make it a profitable newspaper without departing from vital "Globe" traditions.

Paying Its Way

The newspaper has recently been losing money at the rate of $1,000 a week. The Robert Simpson Co. advertisements, which are starting again under the new control, will give that much revenue to The Globe, it is estimated. An official told the writer that The Globe had in 2 days obtained 63 columns of advertising which had not been in The Globe for 2 years. The paper jumped from 14 pages to 22 pages on the first day the new president was in control. It published its first cigarette advertising this week.

Working newspapermen are delighted. They foresee an expanding field for their craft in place of the depression created by oft-repeated prophecies that The Globe would go to the morgue. Old friends of C. George McCullagh all assert the paper is going to be very much alive.

Pessimists recount the many cases in which millionaires have lost all but their shirts because they could not resist the temptation to buy a newspaper. In this connection it is important to note that Mr. Wright states he will leave all details of management to Mr. McCullagh. He is backing the latter's energy and enterprise. The question of The Globe's future then boils down to considering Mr. McCullagh and his qualifications.

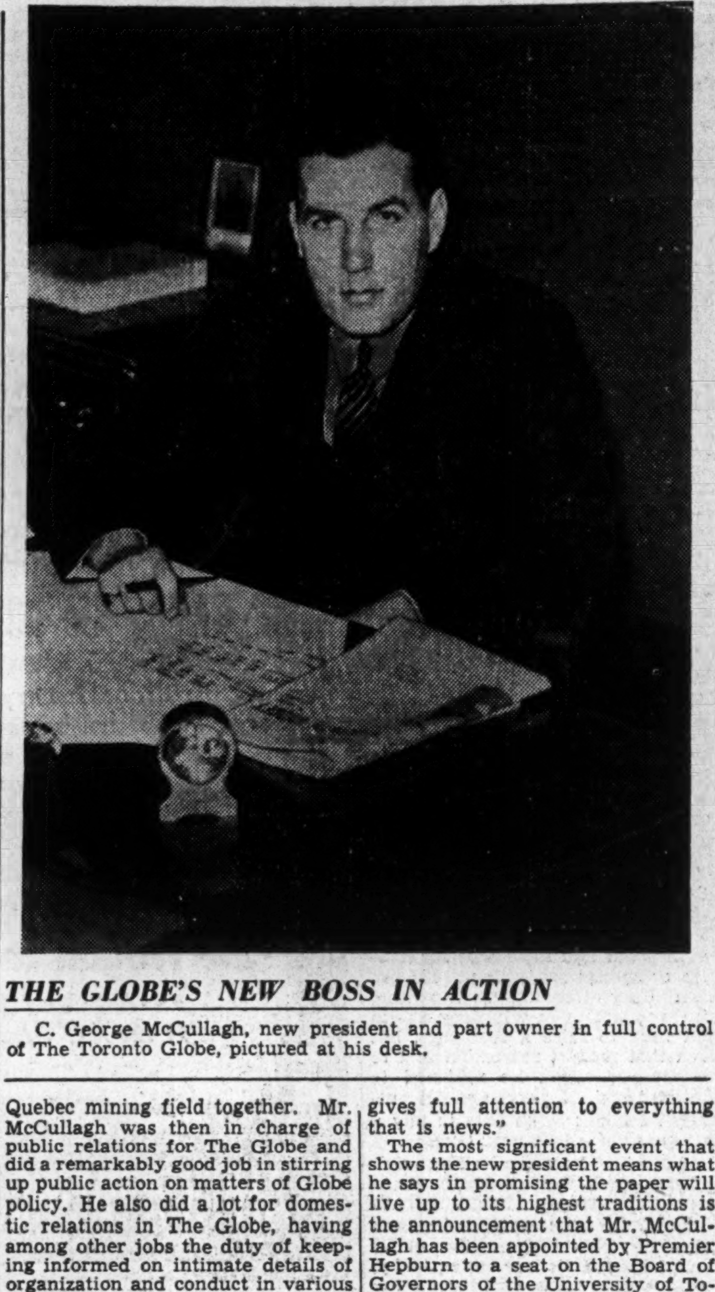
As to energy and enterprise of the two new owners consult the record. In 1907 Mr. Wright came to Canada from England. He had 2 shillings when he arrived at the Union Station, Toronto. This year he paid about $870,000 in income taxes. So guess what his revenue is yearly.

Mr. McCullagh is only 31 years old. When he left the financial department of The Globe in 1928 his chief capital was under his hat and between his ears. Now he is reported to be wealthy in his own right. He is a director of Mining Corp. of Canada and a member of the firm of Barrett, McCullagh & Co. and a member of the Toronto Stock Exchange. He is retiring from all those business associations to devote himself entirely to his presidential duties on The Globe.

Knows Globe Like Glove

Millionaires who know the newspaper business have done well with their properties in England, the United States and Canada when they made the business their chief concern. Does Mr. McCullagh know the newspaper business?

As Financial Editor of The Globe from October, 1927, to March, 1930, the writer knew Mr. McCullagh intimately. In January, 1928, we visited every important Ontario and Quebec mining field together. Mr. McCullagh was then in charge of public relations for The Globe and did a remarkably good job in stirring up public action on matters of Globe policy. He also did a lot for domestic relations in The Globe, having among other jobs the duty of keeping informed on intimate details of organization and conduct in various departments so as to get co-ordinated effort throughout the whole organization. He was chosen for that work by Mr. Jaffray who had the highest opinion of his abilities.



THE GLOBE'S NEW BOSS IN ACTION

C. George McCullagh, new president and part owner in full control of The Toronto Globe, pictured at his desk.

But Mr. McCullagh wanted to get into the financial department. He was willing to take less money for the opportunity.. He got his wish. Within a few weeks he was well on the road to that wide acquaintanceship with financial men and the leading men in business and industry which is one of his chief assets today.

Therefore the new president knows The Globe. He began to work for it 15 years ago, selling subscriptions. He soon headed the list, and this flair for salesmanship persisted. From the first he had always wanted to work in the editorial department and he read the paper religiously every morning.

He was interested in everything the paper did and it made him a convincing subscription man. But it also made him valuable to the head office and they kept him so busy in the promotion end that he did little editorial work. Every day he had at least one new idea and many of them are working in The Globe today.

Knows Everybody

George McCullagh is a scrapper, a frank talker, a strong friend. He likes things to be happening today instead of tomorrow. He has a genius for friendship with the most diverse people. As he knew nearly everybody on friendly terms in The Globe office, so he has come to know nearly everybody in important positions in the financial world since he left The Globe.

Raised by $35 Gold

How did the new president make his money in the last 8 years, including 6 years of the worst depression Canada has seen. It can best be summed up by saying he made it out of $35 gold and his unfaltering belief in what that valuation would do for mining companies and therefore to mining stocks.

In recent years The Globe has been declining in circulation. It is already on the upgrade again. How does that come about? The answer must be found in the different characteristics of the late and the new owners. The old president was a strongly religious man, a prohibitionist, and disapproved of publishing race track betting news.

The new president at once started the publication of betting news. In other words, he is going after circulation by publishing every kind of news newspaper readers want. He says, "refraining from publishing that news does not prevent anybody betting. It simply drives him to another paper. It is better for him to find it in a high-class paper which gives full attention to everything that is news."

The most significant event that shows the new president means what he says in promising the paper will live up to its highest traditions is the announcement that Mr. McCullagh has been appointed by Premier Hepburn to a seat on the Board of Governors of the University of Toronto. He is the youngest man ever appointed to that post. Institutions of learning in Ontario may get an added importance in the daily news as a result of this association.

The new president will multiply the coverage given to mining news in The Globe. It is one of the chief interests of both owners. One of the first major indications the public was given of Mr. McCullagh's swift rise to affluence was when it was announced that he had secured control of Mining Corporation. Things have been happening there ever since he got on the board. Mr. McCullagh was responsible for inducing the Hon. Charles McCrea, former minister of mines in the Ferguson government and the late Percy Parker to go on the board. Following his appearance on the board J. H. C. (Ike) Waite, nationally known consulting mining engineer, was elected president. The company has been very aggressive in its search for new properties under this competent direction.

Mr. McCullagh is outstandingly Liberal in his background and sympathies, but his record as a mining and financial man in the last 6 years shows that he has no politics when it comes to development of mining and other natural resources of Canada. These appointments emphasize that point.

Association With Mr. Wright

The association with Mr. Wright in a business way began only a year ago. In those 12 months Mr. McCullagh acted as Mr. Wright's personal adviser on mining matters and the result has been mutually profitable. One of the negotiations which has caused most interest in inside circles in the Porcupine district was that by which Mr. McCullagh secured for Mr. Wright full control of the 4 claims north of the Buffalo-Ankerite, now known as the Wright claims. Mr. Wright had had a one-sixth interest, but Mr. McCullagh secured the remaining five-sixths, and The Financial Post understands that Mr. Wright intends to develop this mine out of his own resources. The owners regard it as the most valuable piece of ground in the Porcupine region. The development of these claims from his own resources will be a major interest of Mr. Wright.

Statements made to the press in connection with the purchase of The Globe state that Mr. Wright will himself take no active part in the management of The Globe. He is simply backing the energy and enterprise of Mr. McCullagh.

The inside history of The Globe, if it is ever written, should prove exciting and eminently readable. The late M. O. Hammond used all his spare time for years in compiling at the request of the former president an official history of The Globe from the beginning. Some of the material was used in a special number of The Globe, but most of it probably lies in The Globe archives or in a safe spot for some future historian to delve into and annotate. Mr. Hammond died before his task was complete.

Ups and Downs Under Jaffrays

The stars in their courses shone favorably on The Globe throughout most of the régime of Senator Jaffray which started in 1882, but the times have been more troublesome and the going much rougher for his son who has just given up a fight maintained more than 2 decades at great personal sacrifice of time and money.

For instance, the end of the great period for The Globe in 1914 saw 6 daily newspapers in Toronto, 3 morning newspapers and 3 evening newspapers. Heavy enlistments for service in the Great War depleted staffs and raised salaries. Paper costs mounted steadily during the war. Much advertising revenue was lost for a time and with the further bounce in prices during the post-war inflation period, 2 papers died and there remained only 4. The Toronto Star, owned and guided by J. E. Atkinson, who gained his early journalistic experience on The Toronto Globe, and The Evening Telegram have gone from enterprise to enterprise, gaining in circulation and power and revenue. Features and human interest news were given such prominence and attention that new reading publics have been added to the evening newspaper field every year.

This was a common experience.

As far back as 1910 John W. Dafoe had detected the trend in Winnipeg and was throwing the greater part of the resources of the Free Press to development of the evening edition. In large cities it became unusual to see more than one morning newspaper. In Montreal the newspapers of large circulation, French and English, are all evening and only the Gazette remains to serve in English the needs of those desiring a morning newspaper.

Mr. McCullagh does not believe the morning newspaper is on the way out. Very much to the contrary.

When the stock market break came at the end of 1929 the 2 Toronto morning newspapers followed divergent lines of policy. The Globe cut expenses right and left in an endeavor to make current revenue meet expenses. Mr. Jaffray, the retiring president, formed the opinion late in 1929 that the stock exchange debacle presaged a depression of unusual length and extreme severity. He was right, but the Mail and Empire increased its expenditures to provide new stories and special features. Its proprietors fully believed the Toronto field could better be served by one newspaper in the morning and they wanted the Mail to be that paper.

Holding the Fort

It was common talk in newspaper circles that repeated efforts were made to purchase The Globe. Either the money offered was not regarded as enough by Mr. Jaffray, or what is more likely, he did not want to sell to interests who might end The Globe's long existence. He was also anxious not to sell it to anyone who might change its policy in important particulars. To hold the fort, he was obliged to reduce salaries and other expenses on various occasions. The inevitable result was that from time to time reports ran around the streets that The Globe was finding things difficult and might close its doors. The cry of "Wolf, wolf!" came so often that eventually people began to believe it might weather the storm as business conditions improved.

The announcement The Globe had actually been sold came, therefore, as a great surprise to most people in the business and financial world.

Why McCullagh Succeeded

Mr. McCullagh was able to achieve the purchase when others failed for two reasons.

1. The retiring president felt sure that George McCullagh, as an old Globe man, was fully cognizant of its traditions and was one that might take more pride in owning The Globe even at a loss than in making money at other enterprises.

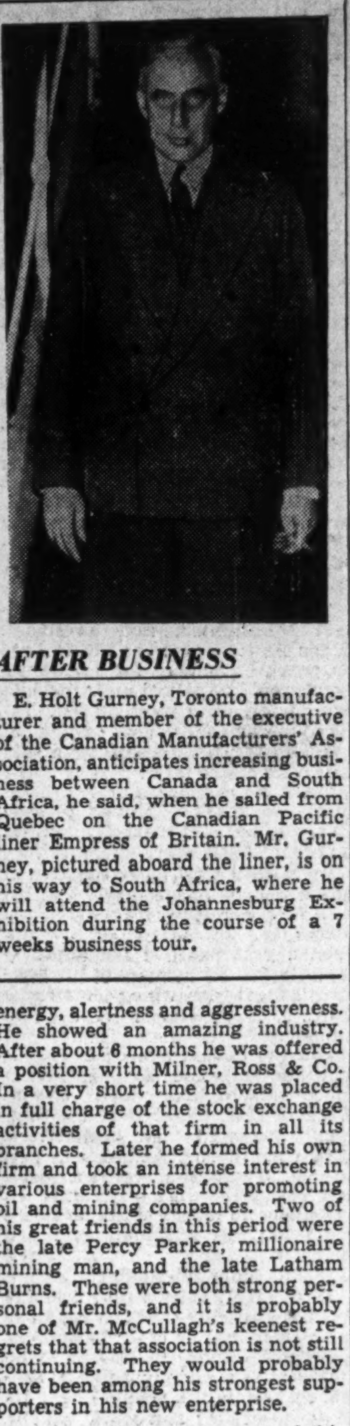
2. The funds which Mr. McCullagh has himself been able to accumulate in the last 6 years and his association with Mr. Wright, made it evident to Mr. Jaffray that the new owners had the capital necessary for such an enterprise.

When Mr. McCullagh worked in the financial department of The Globe he impressed the writer, as he has so many people since, with his energy, alertness and aggressiveness. He showed an amazing industry. After about 6 months he was offered a position with Milner, Ross & Co. In a very short time he was placed in full charge of the stock exchange activities of that firm in all its branches. Later he formed his own firm and took an intense interest in various enterprises for promoting oil and mining companies. Two of his great friends in this period were the late Percy Parker, millionaire mining man, and the late Latham Burns. These were both strong personal friends, and it is probably one of Mr. McCullagh's keenest regrets that that association is not still continuing. They would probably have been among his strongest supporters in his new enterprise.

The most important event of this period, however, as it bears on his spectacular coup in purchasing The Globe, is his association with Mr. Wright.

The new purchase lays one story. Many believed The Evening Telegram either owned a large interest in The Globe or had a mortgage on its plant. There is no mortgage and the property is unencumbered.

Already Mr. McCullagh has made many additions to the Globe staff. He has announced that better salaries would be forthcoming and there has been a very notable amount of interest taken by former Globe employees and by other newspapermen. The proprietor already has made a number of additions to the staff of the paper in order to achieve his objective of making its coverage and interpretation of Canadian and world events outstanding. It is safe to say that under the new direction The Globe newspaper will itself be news in a way it has not been for decades.



AFTER BUSINESS

E. Holt Gurney, Toronto manufacturer and member of the executive of the Canadian Manufacturers' Association, anticipates increasing business between Canada and South Africa, he said, when he sailed from Quebec on the Canadian Pacific liner Empress of Britain. Mr. Gurney, pictured aboard the liner, is on his way to South Africa, where he will attend the Johannesburg Exhibition during the course of a 7 weeks business tour.

Travellers

A. E. Phipps, general manager of the Imperial Bank of Canada, was a visitor in Edmonton and Calgary last week. He was struck with the evidences of business stability in districts adjacent to Edmonton, he told Calgary interviewers.

* * *

George Stephen, vice-president of the C. P. R. in charge of traffic, was a Calgary visitor last week.

* * *

B. W. Keightley, Montreal, advertising manager of Canadian Industries Ltd. and president of the Association of Canadian Advertisers, in New York this week, told interviewers that Canada's economic outlook is "very bright," business in Canada having shown a 10% improvement over that of a year ago.

* * *

L. D. Wilgress, chief of the Commercial Intelligence Bureau, Department of Trade and Commerce; J. S. Macdonald, trade expert, and Finlay Sim, private secretary to Hon. W. D. Euler, minister of trade and commerce, will accompany Hon. Mr. Euler on a special trade mission to Australia and New Zealand, leaving Canada November 7.

* * *

Moir Mackenzie, representing Lord Hirst, president of the Federation of British Industries, is making a short visit in Canada to secure first-hand information of the views of Canadian industrialists concerning competition of low-priced foreign goods in Empire markets.

* * *

Robert S. O'Meara, Canadian trade commissioner at Kobe, Japan, arrived at Victoria this week aboard the liner Empress of Russia. He is on a special mission to Canada.

* * *

W. M. Archibald, general manager of Consolidated Mining and Smelting Co. was a recent visitor in Regina, leaving by airplane for Trail, B.C. He reported increased freight activity in the Goldfields mining area where he made an inspection.

* * *

D. C. Coleman, Montreal, vice-president of the C.P.R., was a recent visitor in Saint John, N.B.

* * *

Sir Herbert Marler, recently appointed Canadian minister to the U. S. has arrived in Washington to assume his new duties. He was formerly Canadian minister to Japan.

* * *

Stanley Marsh, assistant passenger traffic manager, Canadian National Steamships, has sailed from Montreal aboard the "Lady Somers" for the Bahamas, where he will become superintendent for the George Murphy hotel interests.

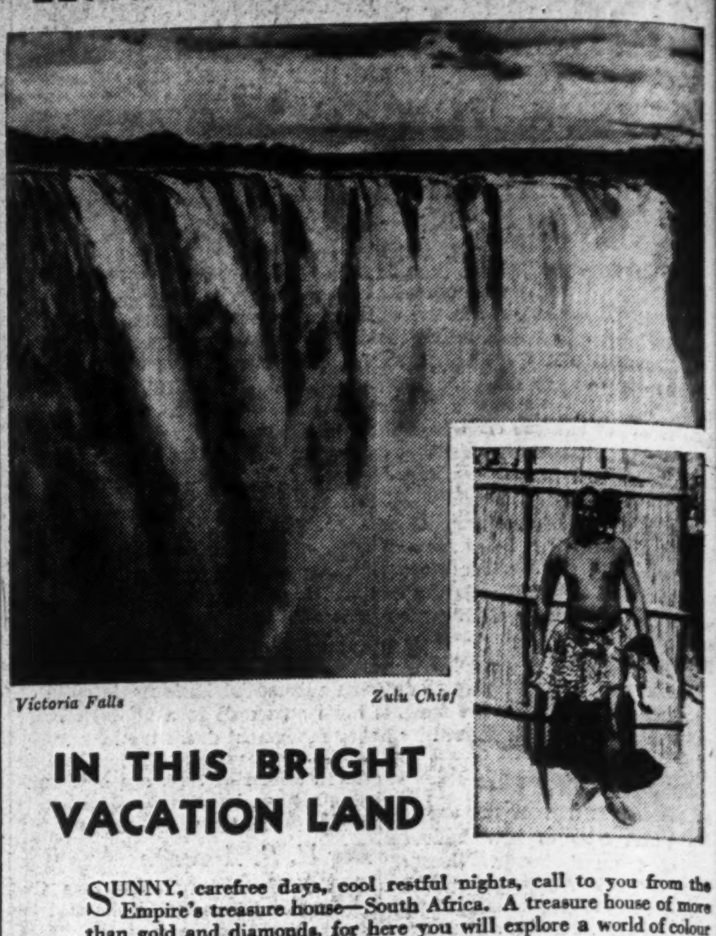
* * *

Timothy Burns, general manager of the Bethlehem Steel Co. has sailed from Montreal on the "Lady Somers" for Bermuda, the Bahamas, and Jamaica.

* * *

Harold J. Child, chairman, and Ross M. Brown, assistant secretary, the Montreal Stock Exchange, are on a tour which will take them to all the important cities in Western Canada. During the course of the trip Mr. Child will address Canadian Clubs and businessmen's meetings on methods of carrying on business through recognized stock exchanges.

LEAVE WINTER FAR BEHIND



Victoria Falls — Zulu Chief

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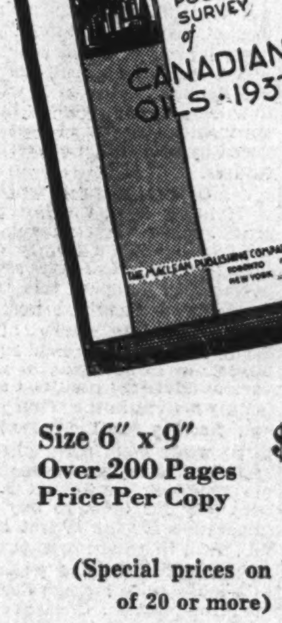

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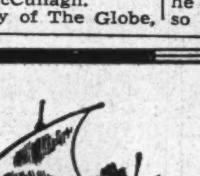

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Capital Levy Rumors Rise Again in Alta.

Group of Leftist Members of Aberhart Forces Busy

CLASH IS COMING

From Our Own Correspondent

EDMONTON.—Information credited to private Social Credit members of the Alberta legislature, a number of whom convened at the parliament buildings in the absence on a speaking tour of Premier William Aberhart, gives credence to reports that plans for imposing a capital levy have been prepared.

While a group of Social Credit members has been known to favor such a levy for some time, circumstances have recently favored the pressure they are able to exert upon the government.

Talk 25% Seizure

The extremist group is reported to have agreed to press for a 25% capital levy to become operative within 30 days. Government bonds and current accounts would be exempt.

The circumstances favoring the proposal of this group are the necessity for raising a fund to launch the Alberta credit house scheme, the administrative machinery of which alone will be costly, and the requirements of governmental debt. In connection with the latter, a debenture maturity of $1,250,000 comes due Nov. 1, to meet which the treasury lacks $884,000.

In recent speeches Mr. Aberhart has reiterated his determination to install his credit house scheme, while he has not revealed the source from which he will draw funds to cover costs. Under the Credit House Act, the government is empowered to draw upon the general revenue fund of the province for this purpose, but Mr. Aberhart has made it a feature of recent speeches that the treasury is bare.

Speaking of the school situation, for instance, he cited the fact that salaries owing to teachers amount to $300,000, and said: "The banks will not give us any more money, and when we are asked I say we haven't any." He added: "If we don't put over this movement, there will be more schools closed than you can shake a stick at."

Battle Looming

At the same time, Premier Aberhart has denied emphatically from more than one platform his government plans seizure of funds or attachment of bank accounts. Formulation of a plan of action by the extremist group within his party, calling for a levy on capital, indicates that Mr. Aberhart must face a stiff battle with some of his supporters if he is to adhere to his attitude to leave private property alone.

As the extremist group sees it, an emergency levy on capital could be justified to the electorate as the price to be paid for the new Aberhart economic system. It counts on support from idealists in the party who have taken Mr. Aberhart at his word that when the new system gets going no one will need such things as life insurance, and that an abundant life will be had for the asking within the orbit of Alberta Credit, without benefit of bank credit or currency.

The view of this group, moreover, is explained as calling for immediate action in imposing the capital levy, using an executive order that can be validated at the winter session of the legislature, in the same way as the reduction of bond interest and the inauguration of scrip were effected. The argument is to act now, on the eve of starting the credit house scheme, instead of waiting till that scheme might demonstrate that drastic action is required to keep it going.

"Tax on Interest"

The form of the levy wherewith basic dividends would be paid in Alberta was revealed last May by H. O. Haslam, Social Credit member, in a speech to his constituents in Nanton-Clareholm riding, as a tax on interest. Promising that a bill to this end would be brought into the next session of the legislature, Mr. Haslam said "a small body of members" had agreed to the proposal. At that time Mr. Aberhart said such a proposal "never has been given any consideration."

Meanwhile, the "small body of members" referred to by Mr. Haslam has not abandoned the idea of an extraordinary levy in some form or other. Indicative of the settled conviction dominating this group was the reply that Mr. Haslam made when Mr. Aberhart repudiated the interest-tax proposal. Said Mr. Haslam: "Of course it is up to the premier, but I think he'll have to come to it."

In the same category as this statement may be put declarations of Social Credit members, such as Fred Anderson, Calgary, and J. H. Unwin, Edson, that the new taxes imposed by the Aberhart Government last winter would not be needed for more than a year or so.

Considers Self Prophet

These incidents illustrate the clash of 2 opposing attitudes within the Social Credit party. On the one side, the view Mr. Aberhart sincerely held when campaigning for office was that adjustment of the monetary system would provide extra returns to all citizens in addition to what they enjoy now. This view has been uppermost in the Social Credit premier's mind recently when he emphatically repeated to audiences that "Social Credit does not intend to take anything from anyone." He considers his rôle more that of an Old Testament prophet than a Robin Hood.

Against protestations from Mr. Aberhart that he does not intend to seize or attach private property, Albertans are recalling that he said in June last that government policies did not involve a reduction of principal and interest on mortgages. By Sept. 1 such reduction was enacted by law, obviously as a result of pressure from the extremist group within his party, which now is pressing for a levy on capital.

GENERAL MANAGER

T. H. Bartley, newly appointed general manager of the Toronto Industrial Commission, who succeeds H. B. Keenleyside.

Electrolux Corp. Income Ahead This Year to Date

From Our Own Correspondent

MONTREAL. — Electrolux Corp. report consolidated net profit of the parent and subsidiary companies for the 9 months ended September 30 of $2.2 millions after all charges and after deducting federal income taxes which have been increased by the company to an amount estimated by the company to be sufficient to provide for new tax on undistributed profits. Earnings for the period totalled $1.77 a share and compared with $1.61 a share in the same period of 1935.

For the third quarter of 1936 the company reports net profits of $632,574 or 51 cents a share, which compares with $597,500 or 48 cents a share in the third quarter of 1935.

Silent Bill Wright ~

Entrance of Mine Finder into Publishing Field Forces Him into Spotlight

By WILFRID SANDERS

When the 20th century was just getting nicely started, and the Cobalt camp was blooming, one of the mines in this area wanted its mill painted. Tenders were called.

In answer 2 bush-worn young men presented themselves at the office. The shorter of the pair did all the talking, and let it be known he and his chum would like the job.

"Do you know anything about paint?" asked the superintendent.

"Sure," replied the spokesman. "We used to paint in the Old Country." His companion said nothing.

Their tender being the lowest, was accepted. Red lead, white lead, turpentine, brushes, and a stream of other equipment immediately started to arrive at the property, followed by the successful bidders. Without hesitation, they started to work.

Some hours later, the mill foreman dropped in to see the superintendent.

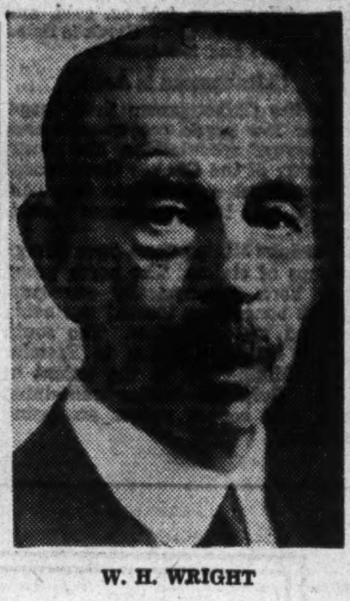
"Those 2 fellows you got to paint the mill, they're not painters," he said. The superintendent stepped outside and, beyond shadow of doubt, confirmed this statement. The couple, with considerable energy were covering the mill building with a greasy looking substance that may, perhaps, have been distantly related to paint. They had started at the bottom, and by various devices were attempting to reach the higher area of the building. There was no sign of scaffolding.

Finished the Job

Being decent fellows, the pair got away with it. Instead of being fired, they were instructed in the finer arts of house painting, and, history relates, finally succeeded in doing a satisfactory job, and completing their contract.

The spokesman of this bush partnership was Ed. Hargreaves. The taller, quieter man was W. H. (Bill) Wright, who has just allocated some part of his millions toward giving the Toronto Globe a fresh start. The partnership, started in the bush, is internationally immortalized by Wright-Hargreaves Mines, and cemented by the fact that Ed. Hargreaves married Bill Wright's sister.

W. H. Wright emerged from comparative obscurity and became front page news by purchasing, for an unstated amount, The Toronto Globe. He is still the quiet member of any partnership, and still prefers to let someone else do the talking. This, it is generally believed, will be his



W. H. WRIGHT

broad policy in the field of publishing.

The story about the paint may serve in another way to illustrate the Wright personality. It was said that, in starting at the bottom and attempting to reach the top of the building to be painted, Mr. Wright and his partner made no use of scaffolding. In reaching, in the financial sense, the top, there are, in Mr. Wright's life story, few signs of the laborious scaffolding, the slow building, by which most men reach the top.

Bread and Horseflesh

William Henry Wright was born in a Lincolnshire town 60 years ago. After a preliminary education, he became a trade apprentice, enlisting in the army when 20 years old. For 7 years, he served the Empire in Ireland, India, Egypt, and South Africa. He was with General Sir George White at the siege of Ladysmith, feasting on a daily ration of bread and horseflesh.

In 1903, he left the army, and came out to Canada, where, friends had told him, a new nation was in the making. Like most newcomers at that time, he went north to the Cobalt camp, and started looking for a mine, teaming up with Ed. Hargreaves.

In the rush to Kirkland Lake, he was among the first, staking what is now Wright-Hargreaves, and part of Lake Shore. During the war—the one to end war—he served in the ranks.

The rest of Wright's biography must be built without scaffolding. His interest in mines has netted him a large fortune. His biggest problem in later years has been to hang on to it, a task in which he has been more successful than most mining prospectors. His efforts to hang on to it have been made harder by a government which, starving for revenue, is estimated to take an annual toll of some 70% of his income. A few years ago, Mr. Wright let it be known that he was planning to leave Canada, because of onerous taxation. This idea has now been definitely abandoned.

To Develop Porcupine Claims

Although Mr. Wright is still vice-president of Wright-Hargreaves, and vice-president of Lake Shore Mines, he has not, in recent years, taken an active part in the policies of these big Kirkland Lake producers. He is known, however, to have been actively interested in Canadian mining in general. One of his ambitions, an ambition which, report says, will soon be realized, is to develop, privately, a group of claims held in his name adjoining Buffalo-Ankerite to the north, in the Porcupine field. Preliminary work is said to have indicated a continuation of the Buffalo-Ankerite ore body. Any large-scale effort to bring a property to production with private finances will be watched with the keenest interest by the mining fraternity.

"Let George Do It"

In the meantime, Mr. Wright is continuing to devote a great deal of time to raising horses, and development of his racing stable. At Barrie, Ontario, where Mr. Wright lives he has one of the largest breeding farms in the Dominion.

It will be seen that even though he is a bachelor, Mr. Wright has many interests, enough to fill his 24 hours per day without adding the trials and tribulations of publishing a daily paper. It is generally felt he will not add these trials and tribulations to his daily round, being content to sit back and literally "let George do it."

Mr. Wright hasn't changed much in that regard. He still, as anyone who has interviewed him knows, prefers that somebody else should do the talking.

Company Reports

Confed. Amusements

Confederation Amusements Ltd., owning and operating 6 theatres in the Montreal area, reports a gross revenue in the year ended April 30, 1936, of $439,086. After providing for all operating expenses, interest, and depreciation, there was a surplus for the year of $10,594. This is in contrast to a net loss of $201 after providing $33,296 for depreciation in the previous 12 months.

Income and Surplus Account
Year ended April 30

	1936 $
Gross revenue	439,086
Less: Expenses	309,749
Add: Other income	1,193
Net revenue	130,530
Less: Admin. expenses	25,759
Taxes	19,691
Insurance, etc.	6,405
Interest	32,348
Bad debt reserve	418
Depreciation	45,910
Surplus	10,594
Previous surplus	32,939
Less: Adjustments	5,214
Surplus forward	38,320

Working Capital

	1936 $	1935 $
Current assets	46,192	38,980
Current liabilities	55,875	67,442
Working capital	*9,663	*28,462

*Excess of current liabilities.

Ogilvie Flour

Ogilvie Flour Mills Co.'s financial statement for the year ended August 31, 1936, reflects a marked improvement in income and balance sheet position. Total income for the year was over $1.4 million, an increase of about $200,000 over that reported in 1935. The net profit available for dividends was $930,824 as against $743,498 in the previous year. The improvement was largely brought about by the inclusion of $132,324 profit on investments and an increase of nearly $140,000 in dividends from wholly-owned subsidiaries; the operating profit was about $83,000 less at $821,488.

Investments of the company are shown on the books at about $3.2 millions or about the same as last year. Shares and advances in wholly-owned subsidiaries stand about the same, giving a book value to investments of just under $5 millions. The fair market value of these investments on August 31 was around $9.2 millions, as against $7.5 millions a year ago. In addition the company has investments in partly-owned subsidiary companies totalling $603,889 and other investments and mortgages, less reserve, of over $1 million. On balance there is an increase in these miscellaneous investments during the year.

The substantial increase in the fair market value of the company's investments was not taken up in the account and as J. W. McConnell, president, says, "the present surplus over book values constitutes a substantial margin against possible future decline."

Income and Surplus Account
Years ended August 31

	1936 $	1935 $
Operating profit	821,488	914,584
Investment income	181,190	188,789
Divds. from subsids.	292,000	153,000
Profit on invests.	132,324	......
Profit on assets sold	20,469	8,518
Total income	1,447,471	1,264,881
Less: Depreciation	172,500	179,112
Income taxes	100,000	85,175
Other taxes	146,293	153,691
Legal expenses	2,448	3,139
Salaries & dir. fees	77,273	81,384
Other directors' fees	18,133	18,882
Net profit	930,824	743,498
Less: Pref. dividend	140,000	140,000
Common dividend	600,000	640,000
Surplus	190,824	3,498
Previous surplus	2,189,803	2,186,305
Less: Adjust. exec. sal. on prior years	70,000	......
Surplus forward	2,310,627	2,189,803

Working Capital Position

	1936 $	1935 $
Current assets	10,427,472	9,845,297
Current liabilities	3,111,732	2,719,958
Working capital	7,315,740	7,125,339

Lake of Woods

Lake of the Woods Milling Co.'s financial statement for the fiscal year ended August 31, 1936, shows an improvement in earnings, a marked gain in net working capital and a strengthening of balance sheet position. Operating profit at $842,418 was nearly $125,000 greater than the previous year. After setting aside the usual charge for depreciation and making provision for interest, executive salaries and other items, net profit of $447,667 compared with $322,325 in 1935. Earnings on the preferred stock were equal to $29.84 a share as against $21.50 in the previous year, while the common earned $2.32 as against $1.47 in 1935.

On the balance sheet, net working capital was shown at $714,852, as against $122,352 a year ago. Bank loans were reduced by about $275,000 to $2,587,000. Cash on hand shows an improvement, as do accounts receivable. Inventories increased over $300,000 to $3.1 millions.

Income and Surplus Account
Years Ended August 31

	1935-36 $	1934-35 $
‡Operating profit	842,418	718,733
Less: Depreciation	185,000	185,000
Interest	165,533	196,383
Directors' fees	3,920	3,890
Exec. salaries	54,587	51,000
Legal fees	1,506	749
Balance	431,870	281,710
Inv. income, etc.	15,797	40,615
Net profit	447,667	322,325
Pfd. dividend	105,000	......
Surplus	342,667	322,325
Prev. surplus	1,630,282	1,307,957
Surplus forward	1,972,949	1,630,282

‡After provision for taxes.

Working Capital Position

	1936 $	1935 $
Current assets	3,856,381	3,348,509
Current liabilities	3,141,529	3,226,157
Working capital	714,852	122,352

Hiram Walker-Gooderham & Worts

Hiram Walker-Gooderham & Worts in the year ended August 31, 1936, earned depreciation, debenture and bank interest 7 times over before income taxes. The $1 a share dividend on 460,818 preference shares was earned 10½ times and the common stock earnings amounted to $6.56 a share as compared with $4.58 a share in the preceding year.

Claims aggregating $1 million from the U. S. treasury department were provided for from earned surplus. Any dividend paid to the parent company by its United States subsidiaries out of accumulated surplus will be subject to the income tax laws in force at the time of distribution. Tax on distribution of net earnings for the year ended August 31, 1936, would be $397,000 if distribution were made. The taxes, however, may never be incurred, and so no provision was made.

Earnings for the quarter ended August 31, 1936, were $1.54 a share compared with 71 cents a share in the same quarter of the preceding year. This is not usually a large earning quarter and the size of the profit is therefore regarded as very encouraging.

Statement of Profit and Loss
Years ended August 31

	1936 $	*1935 $
Operating profit	6,418,353	4,643,233
Add: Other income	299,534	201,787
Total income	6,717,887	4,845,020
Less: Depreciation	591,065	566,524
Debent. int., disc. & exp.	247,790	......
Bank interest	115,548	216,940
Prov. for inc. taxes	967,364	575,144
Net profit	4,796,120	3,486,412
Less: Pref. divds.	460,818	460,818
Profit avail. for common	4,335,302	3,025,594
Earn. per sh. on com.	$6.56	$4.58

*Adjusted by the company for comparative purposes.

Quarterly Earnings
Quarter ended August 31

	1936 $	1935 $
Operating profit	1,625,362	839,834
Add: Other income	49,738	69,793
Total income	1,675,100	909,627
Less: Depreciation	144,260	184,180
Deb. int., disc. & exp.	92,068	......
Bank interest	30,393	68,877
Prov. for inc. tax	274,134	71,444
Net profit	1,134,245	585,126
Less: Pref. divds.	115,204	115,204
Profit avail. for common	1,019,041	469,922
Earn. per Com. Share	$1.54	$0.71

Mining Dividends

	Rate	Close Oct. 19	Yield %
Anglo-Huronian	20c	5.80	..
Beattie Gold	†5c	1.25	..
Bralorne	30c+15c	8.50	..
Buff. Ankerite	20c	10.37	1.9
Bulolo Gold	‡1.40	28.00	..
Cariboo	10c	1.85	5.4
Central Patricia	†4c	3.81	..
Coniagas	†12½c	3.20	..
Cons. Smelters	50c	66.75	..
Dome Mines	$2+$2	55.62	7.2*
Falconbridge	30c	10.87	2.8
Hollinger	65c+30c	13.62	6.9*
Howey Gold	2c	.69	..
Hudson Bay	50c	30.00	..
Island Mountain	†5c	1.15	..
Int. Coal & Coke	‡1c	.21	..
Inter. Mining	60c	11.00	5.4
Int. Nickel, c.	$1.40	62.25	2.2
Kerr Lake	5c	.60	..
Kirk. Lake	‡3c	.63	..
Lake Shore	$4	55.00	7.3
Little L. Lac	30c	6.25	..
Macassa	15c	5.00	..
McIntyre	$2	39.50	5.1
McKenzie R. Lake	†3c	1.82	..
McKinley Sec.	2½c	.63	..
McWatters Gold	†5c	1.26	..
Nipissing	50c	2.45	..
Nor. Can. Mining	2c	.50	..
Noranda	‡$1.25	69.00	1.8
Pickle Crow	15c	6.45	..
Premier	12c+4c	3.02	5.3*
Pioneer, B. C.	80c	7.15	11.2
Reno	12c	1.31	9.2
San Antonio	14c	1.75	..
Sheep Creek	8c	.92	8.7
Siscoe	20c	4.35	4.6
So. Amer. Gold	20c	5.05	..
Sylvanite	20c	2.96	6.8
Teck-Hughes	40c+5c	5.70	7.9*
Toburn	8c	3.25	2.5
Ventures	†2½c	2.59	..
Wright-Har.	40c+20c	7.60	7.9*
Ymir Yankee Girl	5c	.42	..

‡Interim. †Initial. *Yield includes bonus.

Ontario Gov't Shows Surplus For Half Year

Budget Position $17 Millions Better, Says Statement

DETAILS REFUSED

Improvement in the budget position of the Ontario Government on Oct. 1, the halfway mark for the current fiscal year, was $17 millions, according to an official announcement.

Betterment in the government's budget position is due to an increase of $10 millions in revenue and a reduction of $7 millions in ordinary expenses.

While it is definitely stated the government had a substantial surplus at the end of the first half of the year, information as to the amount of the surplus has been refused. Details are also withheld as to the amount expended during the first 6 months of operations.

Tabulated below are comparative figures of tax revenue of the treasury department for the 1936-37 and 1935-36 fiscal years up to Oct. 19 of each year. These items account for over $8.4 millions of the increase in revenue.

Revenue of Treasury Dept.

	1936-37	1935-36
Income tax	$4,211,669	....
Corporations tax	8,128,931	$7,214,078
Stock transfers	614,741	315,141
Succession duties	8,750,699	5,771,344
Land transfers	139,156	110,990
Law stamps	200,422	195,707
Totals	$22,045,620	$13,607,262

Hopes to Have Surplus

While the government expects to be able to report a surplus at the end of the current fiscal year, it will not be anywhere near as large as the improvement of $17 millions in the budget position at the end of 6 months might indicate. It is generally admitted the government collects a larger amount in the first 6 months of its fiscal year than in the last half. Income taxes and corporation taxes are for the most part paid in the early part of the fiscal year and collections of gasoline taxes are also larger in this period. This factor, however, is partly offset by revenue from automobile licenses and other sources which is received toward the end of the fiscal year.

The $10 million increase in revenue would be reduced by about $3 millions, it is estimated, if allowance were made for income taxes which are to be refunded to municipalities. Total income tax collections for the first half of the year amounted to $4.2 millions, which indicates that revenue from this source will be lower than the government's estimate.

Another factor which must be taken into account is the heavy relief costs of the winter months.

If the government is able to maintain the budget improvement of $17 millions throughout the remainder of the year it will have no difficulty in reporting a balanced budget, since the total deficit, inclusive of relief costs, for the year ended March 31, 1936, was $13.4 millions.

Great Lakes Power Bonds Redeemable 4½% Basis

Great Lakes Power Co. 6% first mortgage serial bonds, which have been called for redemption Nov. 1 next, are redeemable on a 4½% income basis. Redemption prices of the various maturities, without allowing for accrued interest to Nov. 1, are as follows:

Maturity	Redemption Price
May 1, 1937	100.73
May 1, 1938	102.15
May 1, 1939	103.51
May 1, 1940	104.81
May 1, 1941	106.05
May 1, 1942	107.24
May 1, 1943	108.37
May 1, 1944	109.46

Funds for redemption of these bonds have been provided through sale of a new issue of $4.2 millions of 4¼% first mortgage sinking fund bonds.

Brown Co. Net Up $447,228

From Our Own Correspondent

MONTREAL. — An increase of more than $1 million in sales of Brown Co., New Hampshire and Quebec pulp and paper manufacturers, in the 40 weeks ended September 5 compared with the same period last year, is reported by the bondholders' committee.

Profit after current interest but before depreciation, depletion and charges deferred during the pendency of bankruptcy, is indicated at $683,098. This represents an increase of $447,228 over that shown in the same 40 weeks of 1935.

Progress is Noted

Favorable developments in the position of the company are outlined by the committee as follows:

Contract for the sale of a largely increased tonnage of rayon pulp for export to Japan in 1937;

Arrangements with Commercial Credit Corp. to take over on favorable terms the loan on inventories originally made by the Federal Reserve Bank of Boston, and the purchase of the output of the Port Royal Pulp and Paper's mill at Fairville, N.B., under an arrangement expected to show moderate profits from commissions and patent royalties.

Nothing for Bonds

"While there are no earnings available after depreciation and depletion for deferred bond interest during the last 40-week period," the committee reports, "the loss has been materially reduced. It is expected that progress toward elimination of losses will continue and will become marked, particularly after the first of the year."

Investment Foundation Shares' Equity Increases

From Our Own Correspondent

MONTREAL.—Based on current prices at September 30 last the cumulative convertible preferred stock, par value of $50 of Investment Foundation Ltd. had a liquidating value of $56.25. The equity back of the common stock at that time was approximately $11.06, giving the units a liquidating value of $67.31.

At the end of the company's fiscal year on March 31 last, the liquidating value of the preferred, on the same basis, was $55.75, and on the common stock $7.33, making a total unit liquidating value of $63.08.

Hunter Valley Oil Shares Listed in Montreal

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has called for trading the shares of Hunter Valley Oil Co. The listing covers the authorized capital of 3.5 million shares of no par value common, and 1,111,540 stock option warrants. Of the common stock, 901,694 shares have been issued and outstanding. The warrants entitle the bearer to apply for a like number of shares at $1 a share any time up to within 30 days of oil being struck in commercial quantities on the company's properties.

Bring FRIENDSHIP to business —not BUSINESS to friendship

Friendship in business is admirable — but when a friend is named executor because of friendship, *that* is a different matter.

The friend may lack experience in caring for an estate.

Succession Duty and Tax requirements would prove perplexing. The estate might suffer undue shrinkage during the administration.

It is decidedly more economical to have a financially-responsible Trust Company as executor.

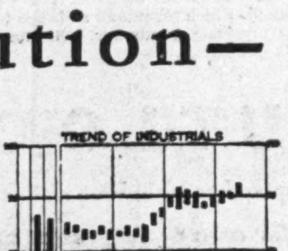
The CANADA TRUST COMPANY
London, Toronto, Hamilton, Windsor, St. Thomas, Chatham, Winnipeg, Regina, Edmonton, Vancouver, Victoria

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Beaupré, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Exclusive quality—
"EXPORT"
CIGARETTES
—popular price.

Revolution—

We have been going through an economic revolution which has been painful, but salutary. It has thoroughly purged our industries, but the ones that have survived are in a healthier condition.



Based on the Montreal Stock Exchange Average for twenty industrial stocks, base 1926, showing yearly and monthly highs and lows.

Now we can look forward with hopefulness. Business is improving and prosperity is growing. Prices of industrial securities have been rising. In the next twelve months, some will rise higher than others.

. . . Which securities are most likely to appreciate?

Our Statistical Department can answer this question for you. You are invited to submit your investment problems to us.

JOHNSTON AND WARD
Head Office: THE ROYAL BANK BUILDING, MONTREAL
Members: Montreal Stock Exchange
Montreal Curb Market
Canadian Commodity Exchange, Inc.
Branches: Montreal, P.Q.; Halifax, N.S.; Toronto, Ont.; Sydney, N.S.; Kingston, Ont.; Moncton, N.B.; London, Ont.; Saint John, N.B.

1832 THE BANK OF NOVA SCOTIA INC. 1832 1936

Executives . . .

THIS century-old Bank invites consideration of its world-wide facilities by executives of sound enterprises seeking a banking association and shall be pleased to discuss their credit requirements with them.

World-wide facilities in every department of banking

Coast to Coast in Canada

NEWFOUNDLAND, JAMAICA, CUBA, PUERTO RICO, DOMINICAN REPUBLIC

NEW YORK, CHICAGO, BOSTON, LONDON, ENGLAND

The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING SERVICE

Week in Mining

Pretty Copper Picture Dominates Mining Trend

Base Metals Still Favored — Capital For Turner Backward? — Teck-Hughes Report

Volume on Canadian mining exchanges has been holding up well, with principal interest still centred on the base metals. The event of the week was the rise in copper prices, the New York export price, which parallels the world market price, having at long last reached, and passed, the 10 cent per pound mark. Although copper prices have been close to 10 cents for some time, there was something psychological about the 10-cent figure which made its achievement quite an event. In another column, some of the junior and medium copper stocks available in Canada are discussed.

The development in copper prices appears to have confirmed the popularity of the base metals. Most authoritites look on higher copper prices as based on a genuine statistical betterment, which is a healthy basis. A market based on the balance between supply and demand is, after all, a healthy market. When supply is distorted by restriction schemes, of doubtful durability, it is not a healthy situation. The restriction scheme put into effect in 1935 by leading copper producers, exclusive of Canada, appears to be slowly working itself out.

Golds have been rather spotty, although interest in a few individual issues, notably Moneta Porcupine, has been as keen as ever.

Teck-Hughes, Lamaque

THE Teck-Hughes report, while not particularly encouraging as far as the parent company is concerned, throws a favorable light on Lamaque, which is 70.8% owned by Teck. At the Kirkland Lake property, diamond drilling has been carried out down to 6,650 ft. with negative results, thus confirming the general impression that Teck-Hughes has reached the profitable depth limit. Ore reserves, however, have been fairly well maintained by the finding of new ore on upper levels. Costs have been kept down to a satisfactory level, and show a decrease under last year's figure.

At Lamaque, in Quebec, ore reserves have been increased substantially, as the report covered in another column shows. In addition, Dr. D. H. L. Forbes, president, states that the subsidiary company is accumulating substantial amounts toward liquidating the $2 millions bonded indebtedness to the parent company.

With such a background, the chances of increased production at Lamaque, as soon as the present shaft sinking campaign is finished, appear good.

* * *

Capital For Turner

OIL men interested in the development of the Turner Valley field appear to be somewhat annoyed over the possibility that outside capital is loath to enter the province, for fear that the Social Credit Government may unduly tax oil companies once production is obtained.

If the Alberta Government does make such a move, it will be over the dead body of Charles C. Ross, minister of lands and mines. Although Mr. Ross, who is now in the east on vacation, does not care to discuss the ramifications of Social Credit, he is always ready to discuss Turner Valley, a subject about which he is probably as well informed as any man living. Mr. Ross, in conversation with The Financial Post, said that he saw no evidences of a capital shortage hampering development in the Turner Valley, which he now believes to be on the eve of great things.

It is noticeable that to date Premier Aberhart has made no move to set "a just price" for oil and gas, the price still being determined by mid-continent levies. Turner Valley has been one of the few bright spots in Alberta, undergoing intense development even before the important crude strike of Turner Valley Royalties on the west flank of the valley. Turner Valley has undoubtedly attracted much capital to Alberta at a time when capital was badly frightened in other quarters. It is unlikely that even a Social Credit government would cripple such a promising child by unreasonable taxation — especially when the man in charge of that section of the government is an oil man before he is a Social Crediter.

* * *

Athabaska Nickel

ALTHOUGH distance may lend some enchantment, the nickel find recently reported from the Lake Athabaska region, in Saskatchewan, is attracting a considerable amount of attention by mining men.

The discovery was the subject of a report by Dr. H. C. Cooke, federal geologist, a report which, even as issued, was very favorable. It is rumored in mining circles that the report was toned down considerably before being made public, in order to avoid a rush.

Whatever details are available on the new discovery are contained in an article from Regina elsewhere. Borealis Co., a syndicate backed by Consolidated Mining & Smelting Co., Ventures, Noranda, Timmins interests, and others, is in the field. Toronto officials of this group, however, state they have no details.

Incidentally, some commentators have stated that International Nickel is not interested in the new field. The Financial Post's information is that while Inco is not interested in the Borealis Co., it has experts in the area, exploring other ground.

* * *

Suspends "Underground"

SHORTLY after Dr. W. F. James, geologist, had taken over affairs of Moffat-Hall Mining Co., he recommended that underground operations be suspended.

This sudden step, although not unlooked for, must sound strangely in the ears of the public. As recently as the end of August the promoters of this stock, in an enthusiastic letter, quoted A. M. Potter, engineer in charge, in the following paragraph:

"Drifting is going forward on the newly opened 550-ft. level and Mr. Potter stated that already some heavy mineralization had been encountered on the east wall in the first crosscut."

The company now reports the favorable section of the property adjoining Bidgood has been thoroughly explored without success. How quickly the picture changes.

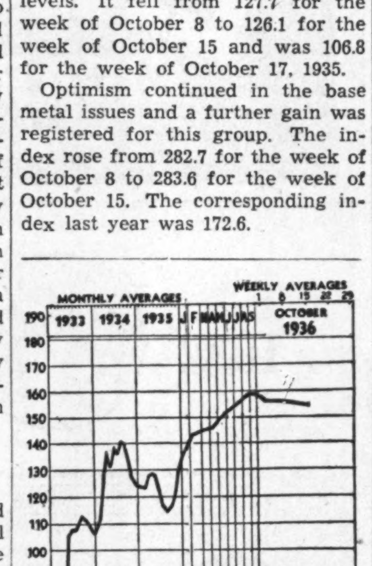
* * *

Index to Mining Stocks

DUE to irregularly lower prices for gold stocks the general index for 23 mining issues received a setback of over one point during the past week. The index was 156.8 for the week ended October 15 as compared with 157.9 for the week ended October 8. For the same period last year this index was 119.6.

The gold group lost ground for the third successive week, and the index is now back to early spring levels. It fell from 127.7 for the week of October 8 to 126.1 for the week of October 15 and was 106.8 for the week of October 17, 1935.

Optimism continued in the base metal issues and a further gain was registered for this group. The index rose from 282.7 for the week of October 8 to 283.6 for the week of October 15. The corresponding index last year was 172.6.



Copper Stocks

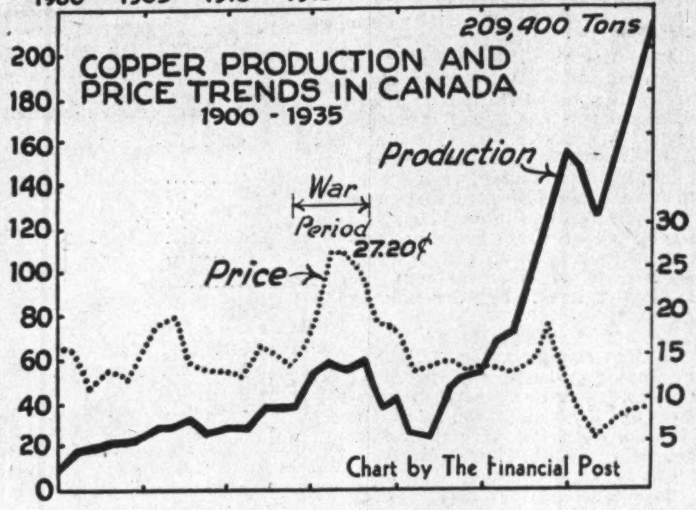
Better Prices, Due to Armament, Awaken Interest in Canada's Junior Copper Stocks

By WILFRID SANDERS

Price of export copper in New York and London has at last cleared the 10 cent per pound hurdle, and, at time of writing, is the highest since April, 1931.

Although the price of the metal has been steadily climbing, and 10 cent copper has been forecast for some months, thus causing the market in copper shares to discount the present situation, it has important significance for the Canadian mining industry.

Whether copper prices will rise much higher than the 10 cent mark in the near future is a debatable point. It is significant that a few days ago it was announced the copper producers operating under the 1935 copper restriction agreement would increase production to 85% of standard output. This shows how closely the world producers are keeping their production in line with the world market, increasing their production in proportion to rising prices. In this policy, some observers see an argument against the possibility of a return to pre-depression copper prices.



Awaiting the Good Word

The history of the past 4 years shows that copper prices have a minimum effect on the volume of Canadian output. The accompanying chart shows how Canadian production has soared almost in inverse ratio to the decline in prices. Canada's 1935 copper production, at 420 million pounds, was the greatest ever recorded. The average monthly price for electrolytic copper in London, was, in Canadian funds, 7.8 cents per pound.

By way of contrast, when, in 1929, the average price for the year was 18.3 cents per pound, Canada's output amounted to only about 248 million pounds. Reason for the fact that production has steadily increased in Canada despite the price drop is, of course, that much of Canada's copper is mined in association with an equally important, or, in the case of nickel, an even more important metal. There are, however a dozen or more junior companies and prospects only awaiting higher prices to resume work.

Canada's chief copper producers are fairly well known to the investing public. Shares of these companies have already appreciated in price materially in the past 12 months. International Nickel and Noranda shares have more than doubled in value, largely because of the optimism felt toward the copper situation. Earnings potentialities of these major producers are fairly well known.

There are, however, many potentially important copper concerns in Canada that have never really had a chance, having started development work on the eve of the copper slump. It is in such stocks that the purely speculative interest is at present keenest.

Starting from left to right, or from Pacific to Atlantic, British Columbia has several "sleeping" copper stocks, or stocks in companies now producing, which have speculative appeal under the present circumstances.

Granby Revives Allenby

On the same day that copper prices rose to 10 cents per pound, liquidators of **Granby Consolidated** took steps to stop winding-up proceedings, and restore the Allenby property to production. According to the liquidator the company has some $400,000 in cash and accounts receivable.

At capacity operations, the company, at Allenby, has a 10-year supply of blocked-out ore. The Allenby plant was closed down in November, 1930. It has been roughly estimated by those in a position to know that probable profit at the 10-cent price, before depletion and depreciation, would be about $250,000, or, on the basis of 450,000 shares outstanding, about 55 cents per share. Granby stock is listed on the Boston, New York and Vancouver Exchanges.

Coast Copper a "Sleeper"

No definite announcement has been made regarding reopening of **Coast Copper Co.**, a subsidiary of Consolidated Mining & Smelting Co. Such a move would, it is understood, involve the construction of a concentrator. Development at this property stopped in 1931. While no estimate of ore reserves has been made public, the company stated in its report at the time that under higher prices for copper, further investigation would be justified. There has been no official statement, as far as The Financial Post is aware, to back up the street report that, under higher copper prices, the erection of a concentrator would be justified. This stock is listed in Montreal, Toronto and Vancouver.

Howe Sound Boosts Output

Howe Sound, through its subsidiary, **Britannia Mining & Smelting Co.**, has been gradually stepping up its production on a large copper property near Vancouver. At the present time, the concentrator is reported to be operating at about 70% of capacity.

All the outstanding stock of Britannia is owned by Howe Sound Co., and amounts to some 91,966 shares, par value $25, out of an authorized capitalization of $2.5 millions. Equity in Britannia is therefore only available to the public through Howe Sound Co., which is listed in New York. During the depression, Britannia is known to have mined a low grade body of copper ore, with gold, silver and zinc values, thereby conserving the better grade copper ore for a better copper market.

Sherritt Gordon Popular

In Manitoba, **Sherritt Gordon Mines**, listed in Toronto and Vancouver, is grooming its property for production, although no word is available as to when the company plans to resume production, suspended in 1932.

Sherritt Gordon is in such an obviously strategic position to take advantage of higher copper prices, that the market has been steadily climbing, from a low of 18 cents in 1932, to a current price of around $1.90. Early last summer, the company started to open up its property in northern Manitoba, and it is apparent that resumed production is in the official mind.

Sherritt, from an earnings standpoint, never had a chance to demonstrate what it could do, being in production only 15 months. For the first 6 months of 1932, however, a net operating profit on refined copper was shown. In that year, the average price of copper was in the neighborhood of 6.4 cents per pound.

The company has shown itself to be a low cost producer, and latest official estimate of ore reserves shows over 3.9 million tons averaging about 2½% copper, and about 65 cents in gold and silver. In addition, there are lower grade deposits in the west zone. The property is equipped with a 100-ton concentrator. The company is backed by the Lindsley interests, of Ventures fame.

Mandy Gets Up Steam

In northern Manitoba, in addition to Hudson Bay Mining & Smelting Co. and Sherritt Gordon, several copper prospects surround the Flin Flon area. **Mandy Mines**, controlled by Tonopah Mining Co., owns a copper prospect, on which development has been suspended since 1929. Improved copper conditions have led to proposals for resuming development work, however. Ore blocked out, at latest reports, consists of a body surrounding rich lenses mined during previous operations. This ore was estimated at approximately 100,000 tons. Recently shareholders approved increasing authorized capitalization to 5 million shares, in order to finance resumed development. The stock is listed in Toronto.

In Ontario, which is the largest copper producing province, production comes entirely from the Sudbury nickel-copper area, worked by 2 established producers, International Nickel and Falconbridge. Both these stocks are well known to the public and are beyond the scope of this article.

In Quebec are several properties which might fall into the prospect class, in addition, of course, to the well-established Noranda Mines. Considerable market interest centres at the present time in **Aldermac Copper Corp.**, which owns a property 10 miles west of Noranda. Interest in this company has been revived chiefly because of its sulphur process, and the claim that it has contracts for the sale of 100 tons of sulphur daily for 10 years. Operations at the property resumed in August last. The corporation has estimated ore reserves, including that partially developed, at 1,743,760 tons above the 1,125-ft. level, with an average metal content of 35% sulphur, 2% copper, 0.02 oz. gold, and 0.75 oz. silver per ton. Stock is listed in Toronto and Montreal.

Chibougamau is Active

In the Chibougamau field, large, rather low grade copper-gold area are several speculations. The recent decision of the Quebec Government to construct a road into this field should help its development considerably.

Norlake Mining Corp. owns 2 large groups of claims. The north group has been geophysically surveyed, and 2 zones thus located are being opened up on surface. The south group is under option to Premier Gold Mining Co. to the extent of 50%. Sulphide bodies containing gold and copper values are being drilled.

Obalski Mining Corp. owns what is known as the Portage Island group and another known as the Cache Bay group in Chibougamau. The former is being developed with funds from Wawbano Mines. Interesting results have been obtained from the Cache Bay group, which is being developed by Obalski.

Opemiska Copper Mines, which is controlled by Ventures Ltd., owns a copper prospect at Lake Opemiska, 30 miles west of Chibougamau. The management has stated that at a steady price of 8½ cents per pound for copper, profits should be made on the grade of ore indicated by preliminary diamond drilling. A 3-compartment shaft was started in March, 1936, and will be sunk to 300 ft., with levels at 150 and 275 ft. The development programme is expected to take 2 years to complete.

Waite-Amulet Mines, controlled by Noranda Mines, is at present idle, but is in a position to resume operations when conditions warrant. On the Waite and Amulet properties which comprise this company's holdings in the Rouyn district of northwestern Quebec, over a million tons of ore have been proved, containing value of 4% copper, $1 in gold, with silver and zinc values in addition. Under former operations, production was shipped to Noranda for smelting. Enjoying excellent management, this property appears to be in a strategic position to take advantage of improved copper conditions. Of the 3 million shares authorized and issued, Noranda owns 1,870,113, or about 62.33%. The stock is listed in Toronto.

Nickel Find Near Athabaska Focuses Mining Spotlight

From Our Own Correspondent

REGINA.—Once again the attention of the Canadian mining world has turned to Athabaska field where it is reported leading concerns are interested in a find in an isolated region 23 miles northeast of Goldfields, scene of the original find.

This time nickel appears to be the reason for the intensive exploration by International Nickel, Consolidated Mining and Smelting Company, Ventures Ltd. and Borealis Syndicate. Each of these companies have experts in the area.

Find Minimized

It is known locally that the geologist's report made by Dr. H. C. Cooke of the federal geological department, as issued by Hon. T. A. Crerar was toned down with the object of avoiding a rush. Dr. H. C. Cooke has reported assays of grab samples showed approximately 3% nickel, nearly 2½% copper and about $1 per ton in gold.

Laborious work covering the entire summer preceded the reports of the extent of the find, which the Saskatchewan department of natural resources believes to be bigger than that at Goldfields. So far more than 140 claims have been staked. The area is studded with small lakes and is practically inaccessible except by air until freeze-up when it is likely a road in will be found.

The region is of large boulder formation and does not offer means of easy transportation. Lakes so far mentioned in the area of discovery are Dinty, Alces and Prince. They are not named on existing maps.

Information Meagre

Information concerning the International Nickel and Smelters' operations is so meagre that nothing can be said other than they are in the field. Ventures and Smelters are probing the areas surrounding the original strike which is being worked by Borealis where buildings have gone up and supplies are being freighted in. Borealis has moved most of its crew from Neely Lake Camp to the new strike.

The mineralized zone in this area is reported to be fairly extensive and if depth is proved there is likelihood of large scale operations. Dr. Cooke's report said the area was large enough for cheap operation and the ore was such that it would appear to lend itself to concentration by flotation methods.

Lebel Oro Mines Sells Optioned Stock

From Our Own Correspondent

MONTREAL.—Lebel Oro Mines advise the Montreal Curb Market that 28,750 shares of the company's stock have been taken up under the option agreement at 20 cents a share. This leaves a total of 418,500 shares under option, including 318,500 shares at 15 cents a share and 100,000 shares at 25 cents a share.

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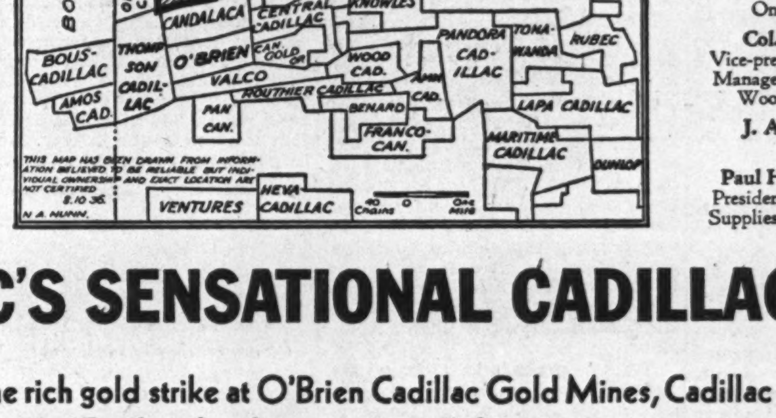
Remaining in Treasury, not underwritten or optioned 499,995 shares



DIRECTORS

Colin A. Campbell, M.P. *President* Mining Engineer, Toronto

Robert A. Falconer *Vice-President* Director, Motor League of Ontario, Toronto

Col. R. G. Forbes Vice-president and General Manager, Shell Transport, Woodstock, Ontario

J. Arthur Griffith Toronto

Paul Herve Desrosiers President, LaSalle Builders Supplies Limited, Montreal

IN QUEBEC'S SENSATIONAL CADILLAC AREA

Since the rich gold strike at O'Brien Cadillac Gold Mines, Cadillac Township in Quebec has become one of the most active mining districts in Canada. The O'Brien discovery is said to be one of the richest ever made in the history of gold mining. Together with the success of Thompson Cadillac, it has spurred on other operations in Cadillac to develop the possibilities of the district, and the results to date have more than justified optimistic anticipations.

LOCATION OF PROPERTY—The property of the Company consists of a group of fifteen claims, owned free of encumbrances, located in Cadillac Township, Quebec, about 40 miles south-west of Amos on the Canadian National Railway. The holdings contact Thompson Cadillac on the south-west, and are only two claims to the north of O'Brien Cadillac Gold Mines. They contain approximately 561 acres, well within the area where recent most active development events have occurred in Cadillac Township. They are readily accessible by a good motor road from Amos, and airplane service is maintained to the district from both Rouyn and Amos.

EQUIPMENT—A camp, cookery, and blacksmith shop, with facilities suitable for the maintenance of a crew of 25 men, have been erected. The necessary equipment to facilitate current development plans of the Company is available, including diamond drills. The electric power transmission line of the Northern Quebec Power Company passes within three-quarters of a mile of the property.

GEOLOGY OF DISTRICT AND PROPERTY—The Cadillac area has been reported on by Dr. Bell of the Department of Mines, Province of Quebec, and by Dr. Gunning of the Geological Survey Department of Mines, Ottawa. Dr. Gunning in his 1936 report says in part:

"Developments along the Cadillac Belt for over 10 miles west of Lapa Cadillac have shown that the greenstones, and the associated sediments and intrusives, carry many dark-coloured, gold-bearing quartz veins commonly accompanied by mineralized wall-rock. The veins are generally narrow, but some are very rich in free gold. Arsenopyrite, pyrite, and pyrrhotite are the other principal metallic minerals; galena and chalcopyrite occur in some places. Wall-rock alteration includes intense carbonatization, the development of biotite, talc, and finely divided white mica, and the introduction of albite. Black tourmaline is a very widespread, though not an abundant, gangue mineral. Of the sulphides, fine-grained, needle-like arsenopyrite is the chief gold carrier, but much of the gold is free in quartz. The minor sodic intrusives, including albite porphyries and dense albitite, that occur at all places where gold-bearing veins have been developed may have an important, perhaps essential, genetic relationship to the gold deposits."

In the report on the Company's holdings under date of September 14th, 1936, Colin A. Campbell, M.E. stated in part:

"Most of the rocks exposed were lava flows (greenstones), some of which were considerably altered. In the northern section of the property there is a belt of iron formation, which I believe holds very interesting possibilities. In the area which has been prospected quartz stringers and veins are found in abundance, some of them being very white and carrying little or no mineral and others being blue in color—some with no mineral and some carrying some mineralization. These stringers and veins run in all directions, which is apparently common to the area. There are many shear zones crossing the property, and these should be prospected."

DEVELOPMENT—A crew of 25 men is at the property. A considerable amount of work has been accomplished, including trenching and stripping. A series of test pits have been sunk and the results thus far have been very encouraging. Several diamond drill holes have been put down to various depths, and two of them intersected a very likely-looking shearing according to Mr. Campbell. The present underwriting of shares is expected to supply sufficient funds for the immediate needs of the Company and additional shares optioned, which when and as taken up in full should give the Company adequate funds for a thorough and extensive development of its properties.

FUTURE OUTLOOK

● Colin A. Campbell, M.E. in his report of September 14th, 1936 stated in part:

"The property is in a very active and popular area at the present time, and practically all neighboring properties are carrying on similar work to which Admiral Cadillac is confining itself, and many of them are finding some favourable results.

"In view of the fact that shearings, such as discovered on Admiral Cadillac's property with quartz stringers and small veins running in all directions, is a condition common to the area, it is quite reasonable to believe that some of the intrusives and conditions found in the Thompson Cadillac and O'Brien ore bearing zones would be found in some of the areas parallel to this break and, therefore, all shear zones should be looked over very carefully.

"I have no hesitation in saying that from the location and general conditions of the area and the general geology of the property that the property has considerable merit."

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La Bine Group Start Drilling In Kenora Area

Visit Shows Lake of Woods District Scene of Activity

FIELD SURVEYED

From Our Own Correspondent

HUDSON.—Important new developments are taking place in Lake of the Woods area, The Financial Post found by a recent visit to this field. One of the latest is the entry into the area of Gilbert Labine interests who are starting diamond drilling on an optioned property in the Pine Portage Bay area about 7 miles southeast of Kenora.

Oliver Severn Mines, which has been doing much prospecting in the area during the past 2 seasons, including claims adjoining Kenricia, has made a potentially important new find on a group of claims which have been staked at Whitefish Bay, 50 miles southeast of Kenora. The vein has been traced by float for about 600 ft. and shows much free gold in quartz. The geology of the ground is reported excellent. A second vein west of the first find has been opened up for 100 ft. showing coarse gold and tellurides across 15 inches. Under the direction of C. W. Taylor surface exploration is proceeding so as to complete as much work as possible before snow falls.

A 125 h.p. steam boiler has been delivered by boat from Kenora to the property of Kenricia Mines which, sponsored by the Joseph Errington interests, is the object of a shaft-sinking programme. Installation of the mining plant is in full swing, buildings are being erected for camps and equipment and a 55-ft. high headframe is being erected. More than 50 men are at work. The shaft is to go down 500 ft. to open up a vein which, on surface, averages $20 per ton across 2½ ft. for 700 ft.

Kenland Gold Results

The latest producer, Kenland Gold Mines (formerly the Horseshoe), is getting satisfactory results from the old stamp mill which is having extraction improved by installation of the flotation process. The daily tonnage is being stepped up to 70 tons and, with millheads running just under $14, a monthly production rate of about $25,000 is anticipated.

Underground development is continuing at Franklin Gold Mining Co., efforts being concentrated on the Champion and Franklin veins through work being carried forward at present on the 120 ft. level. The programme recommended by John Shaw has met with encouragement.

At Blue Star Mines the shaft is down 150 ft. and work on one level is now being carried forward. Wendigo is reporting steady production returns.

Kenora Prospectors and Miners has shut down its 50-ton mill as mill-feed has run short. This property has been in production since Oct. last.

Many Others at Work

Duport is continuing underground work; the same is being done at the old Olympia; diamond drilling is in progress at the Brae Breest; drilling is to be started shortly at the Coniagas (McCallum) nickel property; Reed Lake Mines of Manitoba is preparing to reopen the old Gold Panner and Reliance Mines and, if satisfied with exploration results, will go ahead with extensive development; surface work is being done at the Clearwater Bay Syndicate, while others are preparing for further work.

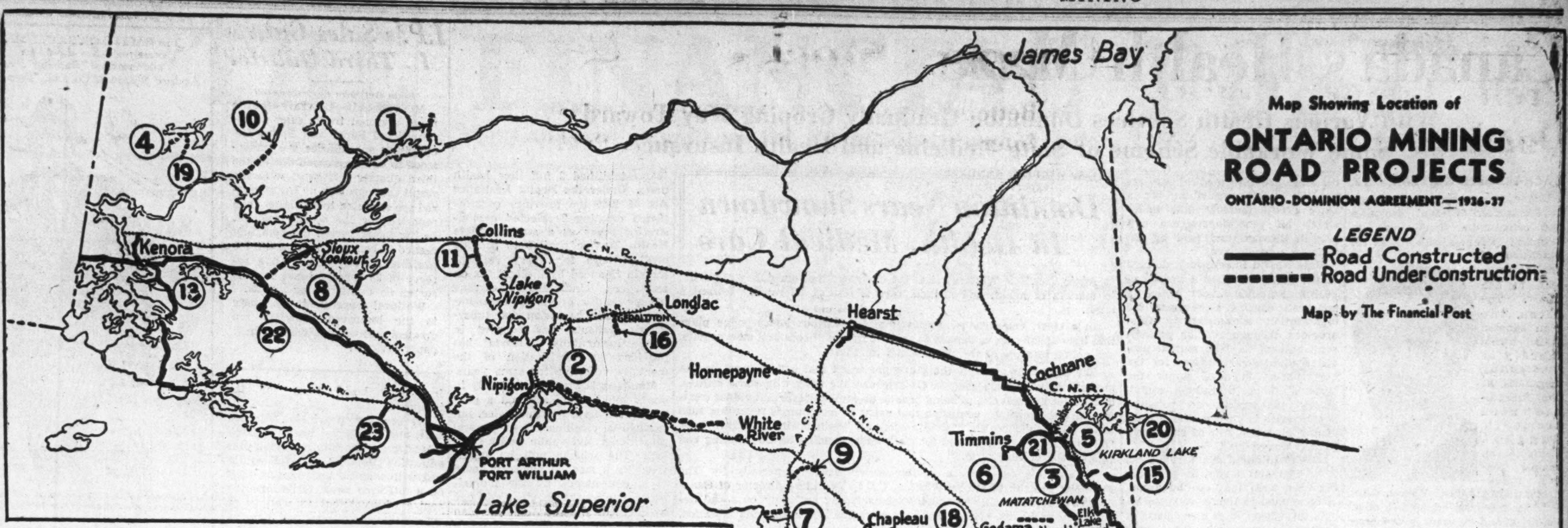
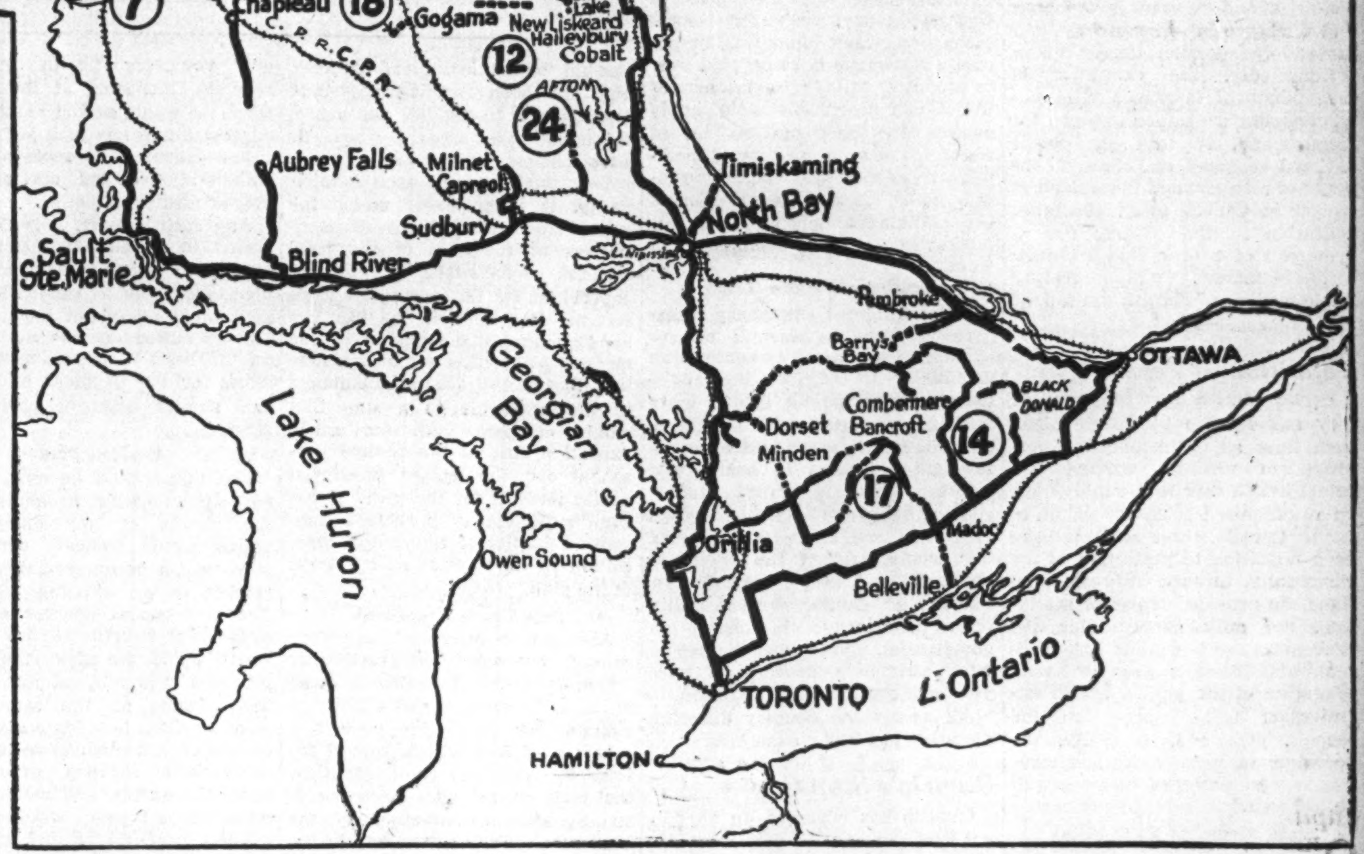
Muton Long Lac, Neda, and Velma have announced plans of sinking and Blackburn Pattison planned to diamond drill, but all is quiet at these camps at present. Grant Mahood and Co. started a 250-ft. shaft at the Gold Creek Mines and, after reaching the 25-ft. point, suspended work. The Lake Hill property had some underground work done on it during recent months.

Enlarge Operations At Ronda Gold Mines

SUDBURY.—Having added to its aggregate holdings in the West Shiningtree area by purchasing approximately 120 acres protecting the line of strike of its vein system, Ronda Gold Mines is reported to be undertaking enlarged development work in the near future. At present drifting is being continued in both directions at the 200- and 300-ft. levels.

It is understood a programme is being prepared providing for a diamond drilling campaign from the 300-ft. level to test the downward continuation of the ore indicated in current exploration.

The management also has in mind, it is stated, the sinking of a winze from the third level (300 ft.) to the 500-ft. horizon, and lateral work at that horizon.

ROADS FOR THE MINES

The Dominion and Ontario Governments have joined hands to carry out a widespread plan of road building for the north, affecting some 27 different camps.

The above map, prepared from official governmental information by The Financial Post, shows in detail the location of the major road building efforts, some of which are already under way.

Key to the numbers shown above, together with mileage, approximate cost, and chief mines served, follows:

1. Pickle Crow. $150,000, length 26 miles, serving Central Patricia, Pickle Crow, Winoga Patricia, Kaw Crow, Gateway Patricia, etc.

2. Beardmore-Sand River. $44,000, length 6.24 miles, serving Leitch, Sand River Gold, Wilport, Lake Nipigon, Black Eagle, Empress, West Empire, etc.

3. Elk Lake-Matachewan. $22,000. Length 40 miles, serving Arbade, Central Matachewan, Young Davidson, Mat-A-Lac, Tyr-Mac, Thesaurus and others.

4. Red Lake-Gold Shore. $13,500, serving Red Lake mines.

5. Hislop Twp. Length, 6 miles, serving various developments by Hollinger, Beatty, Mining Corp., Edgecreek, McIntyre, Standard Minerals, etc.

6. Extension from Timmins to Delnite Mine and others, $6,000 length 1.6 miles.

7. Michipicoten area $18,500, serving Parkhill, Minto S. B. Smith, L. B. United, Darwin, and others.

8. Valora Fish Siding, $8,000. Length 6 miles, serving Sturgeon Lake field.

9. Goudreau Lochalsh, $6,000, length, 19 miles.

10. Gold Pines-Woman Lake. $80,000. Length 43.2 miles serving Bathurst, Hudson Pat., Corless Patricia, Argosy, etc.

11. Obonga Lake. $15,000. Length 25 miles, serving Chromium Mining & Smelting Co.

12. Gowganda extension into Tyrrell twp. $46,000. Length 9.5 miles, serving West Shiningtree area.

13. Wendigo Mine. $13,500. Length 4.5 miles.

14. Black Donald Mine road. $7,600. Length 12.8 miles, serving Black Donald Graphite mine.

15. Lebel Twp.-Bidgood Mine. $6,000. Length 1.8 miles.

16. Geraldton-Long Lac area, $49,500. Length 7 miles, serving the active Little Long Lac field.

17. Nephiline-Peterborough twp., S.E. Ontario. $2,000. Length 6.2 miles.

18. Three Duck Lake, $12,000. Length 12 miles.

19. Red Lake Madsen. $9,000. Length 9 miles, serving Red Lake field.

20. Matheson-Garrison Twp. $1,000. 3 miles.

21. Preston East Dome Mine, $2,500. Length 0.5 miles.

22. Clark Gold Mine, $2,000. Length 4.5 miles.

23. Ardeen Gold Mines. $4,500. Length 17 miles.

24. Afton Gold Mines. $7,000. Length 7 miles.

Leitch Locates 2 Narrow Veins

From Our Own Correspondent

SUDBURY. — While deepening the shaft from the 325-ft. level, Leitch Gold Mines recently encountered 2 veins containing visible gold. These occurrences are narrow, being 10 and 12 inches wide respectively. According to Karl Springer, president, there is the possibility these veins are entirely new disclosures, although it may be that one of them is No. 2 vein in view of knowledge gained as to the dip of this occurrence.

Construction of the mill is up to schedule, and the management anticipates that, barring any unforeseen delays Leitch should be in production early in 1937.

Big Missouri Mines Extends Option on Stock

From Our Own Correspondent

MONTREAL. — A further 25,000 shares of Big Missouri Mine have been taken up at a price of 50 cents a share under terms of the option agreement, leaving a balance of 1,363,133 shares under option, all at 50 cents a share.

The company notified the Montreal Curb Market that at a special general meeting of shareholders, directors were authorized to extend the expiry of the option to purchase 1,685,991 shares at 50 cents a share until July 1, 1938. Extension will be granted upon such terms and conditions as the directors may see fit, and provided that from time to time such number of shares shall be purchased as will in the opinion of the directors provide sufficient funds to carry out operations of the company, including the erection of the mill and the installation of a power plant.

Mineral Output from B.C. Seen $1.3 Million Higher

Gold Chief Factor in Striking Advance — Base Metals Still Behind Former Peak Years

From Our Own Correspondent

VANCOUVER. — Although base metal production is still down, British Columbia's mineral output this year will be about $1,264,000 greater than last year, according to an estimate prepared by Dr. J. F. Walker, provincial mineralogist.

Total estimated production of B. C. mines during the present calendar year is $50,085,361, as compared with $48,821,239 in 1935.

Increased gold activity and expansion of the gold fields are the chief factors responsible for the advance.

Dr. Walker, when addressing the B. C. division of the Canadian Institute of Mining and Metallurgy here, said he expected a new metal would soon be added to B. C. production that would in part offset the loss in copper production. While not mentioning any names, it was understood that he referred to nickel, which is now being mined at the B. C. Nickel Mines near Choate. Most of the nickel is being exported to Japan.

Dr. Walker held out hopes for a recovery in copper now that Granby Consolidated Mining & Smelting Co. has virtually decided to resume operations at Allenby, near Princeton.

Silver Volume Up

Although silver production by ounces is slightly increased, the total value of the metal is down $1,807,680 from last year, due to lower prices. Both production and price of zinc are also lower than last year, the 1936 value being estimated at $7,646,930 as compared with $7,940,860, resulting in a loss of $293,930.

Gold was the big item, with production valued at $13,655,600 or an increase in a year of $312,664. But the biggest increase of all was in lead, 350,000,000 pounds having been mined for a toal value of $12,974,500—a gain of $2,188,570. Coal registered another advance, chiefly due to increased bunkering of steamships.

Following are the figures of estimated 1936 production and values as compared with those of last year:

Product—		Quantity 1935	Quantity 1936	Value 1935	Value 1936	Value, 1936 Increase	Value, 1936 Decrease
Gold, placer ...	oz.	30,929	35,000	$ 965,058	$1,008,556	$ 113,498	$ ......
Gold, lode	oz.	365,244	390,000	12,852,936	13,665,600	812,664	......
Silver	oz.	9,251,544	9,300,000	5,994,075	4,186,395	......	1,807,680
Copper	lb.	38,791,127	18,000,000	3,023,768	1,667,880	......	1,355,888
Lead	lb.	344,268,444	350,000,000	10,785,930	12,974,500	2,188,570	......
Zinc	lb.	256,239,446	241,000,000	7,940,860	7,646,930	......	......
Coal (2,240-lb.)	ton	1,187,968	1,326,000	5,048,864	5,635,500	586,636	......
Struc. materials ...		....	....	1,238,717	1,900,000	661,283	......
Misc. metals, minerals & materials		....	....	1,041,031	1,400,000	358,969	......
Totals		....	....	$48,821,239	$50,085,361	$1,264,122	......

Metal Prices

	Gold (oz.)	Silver (oz.)	Copper (lb.)	Lead (lb.)	Zinc (lb.)
1936 (Canadian funds) est.	$35.04	45.015c	9.286c	3.707c	3.173c
1935 (Canadian funds) est.	$35.19	64.790c	7.795c	3.133c	3.099c

Current Chatter From Manitoba

WINNIPEG.—Derry Gold Mines is negotiating for the extension of a winter road from existing roads in the Rice Lake district into its property, which lies halfway between San Antonio and the Cryderman property. Derry Gold Mines is anxious to get drills in to test the property underground. A crew of men under Alex Daigle has been working all summer on surface, trenching, stripping and test pitting.

The No. 1 vein which was 1,000 ft. in length at the commencement of this season, has now been traced 4,200 ft. with exceptional widths in places. No. 2 vein has been extended from a known length of 600 ft. to over 2,000 ft.

A special general meeting of shareholders was called for October 23 at which ratification was asked for a by-law increasing the capital stock of the company to 3 million shares. Senator Lendrum McMeans is president of Derry Gold with R. M. Fitz-Simons, sec.-treas.

* * *

Highland Gets Funds

Highland Enterprise, with properties at Falcon Lake, Manitoba, has signed underwriting agreements with a New York brokerage house, through Pioneer Mining Finance of Winnipeg. The company expects to start work in the immediate future. Gold Shore Mines with properties on the east shore of Lake Winnipeg has also entered into underwriting agreements with New York financial house, both properties having passed muster with the Securities Commission.

William Smith, vice-president of Gold Shore, is still in New York and plans to remain until the first distribution of stock has been made.

Gomak Improves Recovery To Increase Tonnage to 45

From Our Own Correspondent

SUDBURY. — Mill changes and additions at the Gomak Mines of Porcupine Crown Mines, in Chester township, north of Sudbury, will serve to improve recovery and permit of the treatment of 45 tons daily, according to Russell Jones, manager. A new Deister sand table and 2 amalgamation plates have recently been installed, and the management expects to be able to reduce tailings to 40 cents or 50 cents per ton. Present grade of ore going to the mill, is over $20, it is stated.

The second brick will be poured about the end of this month, the first bullion having been produced about 10 days ago, the result of 11 days operation, and was valued at approximately $3,000.

Drifting to the west on the 85-ft. level is continuing, and at last reports the drift had advanced for 150 ft., in high-grade ore. Management plans to drill to the east, both underground and from surface.

Flin Flon Gold Mines Pushes Shaft Work

From Our Own Correspondent

WINNIPEG. — Three shifts are now working at Flin Flon Gold Mines, Douglas Lake, near Flin Flon. The shaft is being reconditioned and is also being deepened to 610 ft. Two new levels will be opened up at 450 ft. and 575 ft. to explore ore horizons indicated by diamond drilling during the summer.

The various camp buildings have also been put in shape for the winter and as several of the men have either built or are building their own cabins quite a community is springing up.

The road into the camp from the highway is being rock ballasted to take care of heavy freighting.

Diamond drilling on the north of 54 property, which adjoins Flin Flon Gold on the east and on which promising showings were uncovered during the summer, is starting. The property is under option to Flin Flon Gold and will be thoroughly explored by drill. A power line has been surveyed and it is expected all operations will be electrified at an early date.

Darwin Underground Interesting Picture

Dr. M. H. Frohberg, mine manager at Darwin Gold Mines, reports that 55 ft. of ore has now been exposed on the No. 2 east-west vein on the 7th level, where the apparent downward extension of the 6th level ore shoot was encountered recently.

On the 6th level, raising operations in the Grace vein on the downward extension of the 550 ore shoot have disclosed a new high-grade section. Dr. Frohberg reports that 42 ft. above the 6th level "a high-grade quartz section with much visible gold was encountered."

Consold. Chibougamau Stock Taken by Option

From Our Own Correspondent

MONTREAL.—Consolidated Chibougamau Goldfields Ltd. has advised the Montreal Curb Market that 25,000 additional shares have been taken up under the option agreement. This leaves 365,000 shares under option at $1 a share.

Hutchison Lake Reports High Assays From Find

From Our Own Correspondent

SUDBURY.—Further information with regard to the new discovery reported on the property of Hutchison Lake Gold Mines, north of Geraldton, is that some exceptionally high assays have been obtained. The find is located 200 ft. north of what is known as the main vein.

Diamond drilling carried on previously apparently did not disclose the occurrence. It is reported that several engineers from the Little Long Lac field have been in to the property to see the discovery.

The new find, it is stated, will not alter the plans for shaft-sinking which Hutchison Lake officials decided upon recently. It is intended to establish a level at 150 ft. and the series of veins can be reached by crosscutting.

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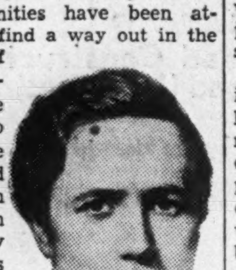
Canada's Health Maze

With Various Health Services Dominion Gradually Groping Way Toward Some Workable Scheme of State Medicine and Health Insurance

By CHARLOTTE WHITTON, C.B.E.

Under the pressure of present circumstances, different provinces and communities have been attempting to find a way out in the extension of health services to the needy. Too often, the plan adopted has been merely an emergency response as the immediate need seemed to suggest. There is an almost general misunderstanding as to the measures adopted in other countries and careless interchange and reference in terms and systems that involve utterly different things.


Charlotte Whitton, C.B.E.

Admittedly, the confusion of unemployment insurance with unemployment assistance brought the former and, in fact, the whole national economy of Britain to the verge of collapse; and there is grave danger in Canada today of similar confusion in the careless use as synonyms of 4 terms that are quite distinct—namely, "public health," "state medicine," "health insurance," and "medical relief."

* * *

Definition of Terms

Public Health services may or may not develop ultimately along such lines as to include the provision of medical, nursing and actual health care to the individual, on an organized group basis, but, so far in Canada, these services have been restricted to protection of the community through measures designed to provide control of sanitation, the milk supply, etc.; the prevention and control of communicable disease; general health education of the public, health examination and teaching in the schools, etc., and, generally, the operation of such clinics and services as were designed "to keep well people well."

State Medicine Fact Today

Those in need of actual care are referred to the private practitioners. In some provinces, clinical services have been gradually extended to provide actual remedial treatment as well, while in the treatment of certain diseases, such as cancer and tuberculosis, the trend is undoubtedly to provide complete care through the public services. This responsibility is already accepted in most of the provinces in the care of mental diseases. Consequently, the tendency for the gradual modification of public health services to embrace a programme of actual state medicine is a definite fact in many parts of Canada today.

As the Ontario Medical Association has put it, "evidence is at hand to show that the principle of state responsibility for the medical care of the people is becoming universally recognized." It is when this public assumption of control of medical services is contemplated that the alternatives of state medicine or state health insurance arise.

State Medicine is defined well in the Alberta Royal Commission report on the subject as "a system of medical administration by which the state provides medical services for the entire population (or a large group thereof) and under which all practitioners are employed, directed and paid by the state on a salary basis."

State Health Insurance is defined in the same report as a system of health insurance under which a non-profit earning, state supervised organization administers a fund provided through regular periodic contributions for "the mutual provision of medical services for the beneficiaries included under the system." Thus, a mutual, contributory partnership of potential beneficiaries is an essential feature of any plan that can be accurately termed "insurance."

"Medical Relief," apart from these 3 fundamental terms, is probably the only term that can be accurately applied to the sporadic measures thrown up in so many parts of Canada today, whereby some purely arbitrary lump sum or per capita allowance is being paid over to groups of private practitioners or individual practitioners, to apply against the cost (on an agreed schedule) of such measure of medical care as they may variously provide, upon the direct application of the individual dependent or his family, in receipt of unemployment relief.

Leaders Explore Field

These different emergency measures in force in various centres cannot be described as conforming essentially to any of the above definitions of public health, state medicine or state health insurance, and this fact is recognized by many far-sighted leaders in health and medical ranks in Canada today, and consequently the professions concerned are earnestly exploring this whole field of the organized provision of health services. Surely a similar responsibility rests upon those in charge of government, upon whom the people must ultimately depend for wise provision for their health needs.

All across the country differing proposals are being examined.

* * *

Ontario's Stop Gap

Ontario has ventured an expedient that can only be described as a medical relief subsidy plan. Not even its strongest proponents would likely describe it as other than an obvious stop-gap. It should not be confused with the more thoroughly worked out project for experimental health insurance units being advanced by the Ontario Medical Association.

The "medical relief" system is neither health insurance nor state medicine but a measure of medical subsidy, entrusted to the ranks of the organized medical profession to administer through the provincial and local medical associations. Neither provincially nor municipally does it relate to or operate through the established public health services, though it involves the provision of medical care to the needy at public cost.

Costs $100,000 Annually

Briefly, it provides for a levy of 25c. per head per month for every person on relief in that month in the organized municipalities of over 2,000, and 35c. per head per month, elsewhere in the province. The levy is met, as a general rule, jointly from provincial and municipal funds, and taken not on the average but the maximum load monthly, and has been running anywhere from $85,000 to $100,000 per month throughout the year, since its adoption.

Dominion Nears Showdown In Health, Medical Care

Again Charlotte Whitton raises the challenge that our policy of "drift" in matters of health and medical care is leading us rapidly toward a crisis.

In a clear, comprehensive survey of the various hodge-podge plans that have sprung up in Canada to meet individual needs and emergencies, she points to some of the pitfalls that lie ahead.

She shows for example the grave precedent that has been set by the medical relief subsidy plan in Ontario and the danger in some centres, of efficient hospital clinics being broken up into scattered individual treatments. She shows the confusion that exists in most minds regarding such terms as "public health," "state medicine," "state health insurance" and "medical relief" and the need for clear understanding of the meaning and significance of each term.

This article continues a notable series written especially for The Financial Post by Charlotte Whitton, C.B.E., executive director of Canadian Welfare Council. As Canada's outstanding authority on social dependency problems, her studies have attracted Dominion-wide attention.

This total sum, in each municipality, is then pooled under the supervision and control of committees of members of the local medical association, provincially supervised by the provincial association. One cent of the 25c. per head per month is deducted by the medical association for administration, that is, 4%. This total amounts in the aggregate to a sum that would compare with the entire executive cost of the central personnel for the public provincial health services for the year. It has been sufficient to provide a substantial surplus to the central association in the 2 years of operation of the plan.

Sets Grave Precedent

Any person on relief may then consult any registered practitioner whom he chooses, for office or home visits, as he desires, and which are charged for under the prevailing schedule of fees with a special fee fixed for maternity cases. Monthly, the total of all such accounts is struck, after examination by the local medical committee, and in the light of the total amount available in the pool from the per capita levy, these are paid pro rata. Special arrangements cover surgical appliances, etc., and drugs, not in the ordinary pharmacopoeia, the latter of which may be provided through the relief offices. The local relief officer is nominally associated with the local medical association committees.

This plan, as an expedient, naturally leaves out of consideration any preventive approach, any broader scheme of treatment for all the needy, which would include group supervision, health, hospital and nursing care as well as medical service. It is an expedient thrown out hastily to meet one pressing phase only of a grave and comprehensive problem. Because it has served to ease the immediate pressure there is the gravest danger of its persistence and its adoption in other parts of Canada, many of which have already adapted it. It is costly, unrelated to the public health and hospitalization services of the community and, as such, in the end, capable of defeating rather than advancing an adequate and economical plan of health care to people in their own homes.

* * *

Ontario Medical Plan

It is probably in realization of the above facts that the committee on inter-relation of the Ontario Medical Association has advanced a comprehensive plan for the development of a voluntary health insurance scheme in 4 demonstration areas in the province. While expressing preference for a federal health insurance plan and conviction that any scheme of health insurance in Ontario "ultimately should be endorsed and in part supported by the State," the Association has taken the responsibility of outlining some principles, which it believes might well characterize any voluntary health insurance schemes, instituted at the present time. As would be but natural, it is suggested that any such plan should be so drawn as to meet with the collaboration of the local and provincial medical societies.

Any such scheme, it is also suggested, should anticipate and expect absorption in a compulsory state plan. Moreover, it should be operated on a non-profit basis, except for the natural spread in benefits, on the basis of premiums paid, to allow for the payment of medical and similar costs of professional services.

Basis of Plan

The plan would be open to any participant, subject to admission on the results of any examination which would indicate reasonably good health or on special terms in respect to an existing disability. The professional services accorded as medical benefits to the insured would be of the same standard as provided to private patients, outside the scheme, by the same practitioner. Cash benefits are not contemplated but medical benefits are to include services of doctors, hospitals, nurses, and medical supplies. These benefits would provide general practitioner and specialist services, until the total of such benefits would reach an agreed amount.

Hospital care would be given at an agreed minimum, with the patient free to provide for other care by meeting the difference in cost. Nursing service in the home would be limited to visiting nursing service. Every legally qualified medical practitioner would be eligible to practise under the plan, except for cause, and every insured participant in the scheme would be free to choose his own doctor. The plan also includes many other details covering the extent of different services, possible dental and drug benefits, etc.

Administration would be vested in a board representative of all groups interested in the plan,— the insured, the professions, and any other contributors. "If the scheme is sufficiently large" it is suggested that the business and professional administration should be kept independent, but it is stipulated that "the chief administrative officer or director should be a legally qualified medical practitioner."

Per Capita Premiums

Premiums would be on a per capita basis and payment of the professional personnel on a fee basis, initially, though it is stated that "a per capita basis is less expensive and more convenient." The costs, it is proposed, should be such as to provide against reasonable contingencies, benefits, and costs of administration.

The project also provides for the participation of municipalities as contributors under the plan, but whether as employers or on behalf of ratepayers is not clear. The latter procedure would immediately alter any such project to the basis of a public insurance plan compulsory on the taxpayer.

* * *

Prairie Provinces

Saskatchewan has already developed public medical care more extensively than any other province. The entire tuberculosis programme is financed at public cost; generalized public health nursing applies to the whole province; maternity grants of $25 are paid, $10 to the mother for preparatory needs, $15 to the doctor and the hospital giving care.

But, most significant is the municipal doctor and nursing service whereby any rural municipality may subsidize a doctor up to $1,500 a year or a nurse up to $1,000 a year to locate there or alternately engage a doctor full time at a maximum salary of $5,000 per year. Sixty-eight municipalities now have this system in force; its costs average $2.50 per head of the population, or $3.85 per quarter section of land in a typical area of 2,000 people. Union hospitalization applies in 21 districts whereby a co-operative hospital is maintained as a public utility from the general taxation.

Alberta and Manitoba

Alberta has long had a completely municipal hospital system and in 1931 established 2 full time health units. Under the Health Insurance Act of 1935 the province contemplated creating 2 selected demonstration areas as a straight State Health Service project to provide medical care for every resident therein financed by a direct tax on employees, individuals earning income, and a provincial contribution. Public provision for tuberculosis patients was adopted in 1936. Incidentally, Alberta has provided for sterilization of the mentally defective for some years.

Manitoba is moving cautiously in one demonstration area on a plan to provide state health service, but through a combination of general practitioner and public health services. The scheme will be supervised by a medical advisory board of 3, one named by the municipality, one by the province and one by the medical association. The plan provides for fee payment on a schedule basis, nursing fees where required, and preventive school health services. The plan is to be financed by a general tax levy.

* * *

Other Provinces

British Columbia has enacted Canada's first health insurance measure proper this year, providing for the establishment of a health insurance fund which, with some exemptions, will be compulsory for all employees in receipt of an income of $1,800 or less per annum, and which will be assisted by an initial provincial grant of $50,000 for administration purposes.

The fund is to be built up by a 2% wage tax on all such employees (within a fixed minimum range of 35c. to 70c. per week) and a 1% tax on their employers (20c. to 35c. per week). The plan is to be administered by a Commission to whom is to be entrusted the method of remuneration of the medical services employed, as well as the establishment of terms for voluntary admissions to the fund. It is anticipated benefits will include medical, laboratory and hospital service, and drug supplies.

Other Provinces

Though Quebec studied the problem extensively through a Royal Commission, no steps have been taken toward health insurance. A broad preventive programme is being developed most effectively through county health units in some areas of the province.

The three Maritime provinces have also so far limited their developments largely to preventive public health services.

* * *

Canadian Medical Assn.

The Canadian Medical Association in 1935 endorsed a plan that could be described as providing state health insurance in many of its features and principles but that contemplated a private medical service entirely at public cost for the indigent. It was purposely tentative in many of its proposals and designed to provoke thought and discussion, quite as much as for immediate adoption.

The Employment and Social Insurance Act, 1935, the validity of which is now before the privy council, provided for the collection of information on any plan of health service in force or projected in any part of Canada with authorization extending to recommendation of possible measures in which the Dominion might participate.

* * *

What Lies Ahead

The whole question is an urgent one, and like the question of relief has been given more money than thought, in the hope that drift would carry us somewhere else than to the rocks. And like our urgent problems in dependency it must be intelligently faced and that right soon.

What are to be the guiding principles in the Canadian plan?

Possible Alternative

Will it be an insurance plan on a per capita service or will it be a system of full time staff of medical and visiting nursing services for the indigent, and non-contributing, and for the scattered and outlying areas and rural districts? Will it include cash benefits for idleness due to illness as well as assurance of health service?

Is it to be an insurance scheme for those capable of contributing at all to such a plan? For these must there not be complete freedom of choice of physician, providing that physician is a member of a panel who has accepted the terms, conditions and schedules laid down by the insurance plan? Will the insurance plan cover nursing, dental care and hospitalization for the group insured? How will the nursing services be organized? On a private duty, a panel or an hourly or full time basis?

Are the upper financial group to be left to "private practice" and variable fees, as today?

Place of Hospital

Is the hospital, with its clinical services, its own medical staff and its out-patient services and nursing corps, to be the answer and the the centre for adequate service for the indigent population in the larger centres, whether in their own homes or in its wards? Are the great hospital clinics with their splendid group resources to be broken up as is happening in some centres today, for the less certain and more costly process of individual diagnosis and reference and payment of individual fees on an individual basis, even for the indigent?

Or, are the provincial, district, unit, and municipal health departments to change into a service plus education function and, well equipped with medical and nursing staff on a full time basis, to become the centre of treatment as well as of supervision, education and demonstration for our non-pay population? Is the problem of the non-contributing group to be met in this way, leaving the contributing insured group to the private practitioner, nurse and dentist?

Are the tuberculosis, venereal diseases and cancer clinics, the forerunners of a wider public health service on this basis?

What Can We Afford?

Is the public health department to be the core and centre of the planning arm, with hospital, private practitioner and visiting nurse the service arms? Does the Victorian Order of Nurses offer, with some adaptation, the answer to the bedside nursing need? Is the great programme of education and prevention to be combined with the service programme?

Are the municipal hospital, the municipal doctor and the municipal nurse to be the answer? Is it conceivable that the health of the public, like the education of the public, is to become very largely a matter of public service, publicly financed and controlled, with physician, nurse and dentist (with the exception of a limited group of private practitioners and specialists) qualified officials but employed and supervised by the state?

Most of all, to what extent can the Canadian national economy sustain the service, and what conditions will its limitations impose upon it?

The Canadian people are determined to have health and medical care. Its costs will run into the millions. Can it be provided? And how, within the limits of our present resources?

I.P.'s Sales Gain I.. Third Quarter

From Our Own Correspondent

MONTREAL.—Contrary to the usual seasonal trend, sales of International Paper and Power Co. operating subsidiaries are understood to have increased during the third quarter this year, with the result that earnings on the preferred are expected to be higher than reported for the second quarter. In the latter period the company earned 74 cents a share on the 7% preferred, after setting up a reserve of 35 cents a share for the surtax on undistributed profits.

While all departments contribute to the improved showing, the greatest gain was made in the kraft paper division.

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Swinging Along...

WALKING tours should be more popular in Canada . . . I once knew a couple of fellows who walked from Toronto to Montreal to pay an election bet . . . It took them two weeks and when they wound up in Canada's metropolis, they were planning to do it again the following year . . . That's too long a walk for most of us, but there's nothing like the bracing effect of a good cross-country hike in this crisp, autumn air . . . with *the* girl who's a *grand* companion . . . and a pocket-full of Bachelor Cigars.

"IT'S GOOD TO GET BACK TO A 10c CIGAR"

WILSON'S BACHELOR Cigar
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LONG DISTANCE CALLS COST LESS!

"Sharp at Seven they start calling!"

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Not so long ago, many people considered Long Distance somewhat of an ordeal. A progressive policy of service improvement and rate revision has changed all that.

Take Night Rates. Now they start at seven every evening, and apply on both "Anyone" and "Person-to-Person" calls. They apply all day Sunday, too.

New Low Rates have also been applied to calls of over 130 air miles distance — another distinct saving.

So, it's little wonder that sharp at 7 p.m. weekdays and all day Sunday, Long Distance calls are going through in ever-increasing numbers.

SUCCESSIVE RATE REVISIONS
In the past seven years, there have been six revisions of Long Distance rates. On January 15th last, Night and Sunday rates were made to apply on Person-to-Person calls, and on September 1st, 1936, important reductions were made on calls of over 130 airline miles.

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